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NEWS SUMMARY

GENERAL

Sadat again suspends talks

Egypt last night reversed its decision to resume talks with Israel on Palestinian autonomy.

The move came in response to a new Israeli law which reaffirms that Jerusalem, including the occupied Arab sector, would remain united under Israeli sovereignty.

President Sadat announced on Wednesday that after a personal appeal from President Carter he had agreed to resume the talks he had earlier suspended because of lack of progress. Back Page; Sadat promise, Page 4

IRA bomb theory

Scotland Yard's anti-terrorist squad believes the booby-trapped torch bomb which ripped the South London police station blast in which a young constable lost a hand could have been made by a terrorist unit like the IRA.

Forest ablaze

Army and RAF teams may be called in to help fight another big fire sweeping through a North Wales pine forest. Firemen in Snowdonia National Park was "utterly out of control."

Optical charges

Government may increase existing optical charges to replace the £11m lost as a result of its decision, under backbench pressure, not to introduce a £2 sight testing fee in April. Parliament, Page 12

Sentence cut

Cynthia Payne who was jailed for 18 months for keeping a disorderly house in the "luncheon voucher brothel" case had her sentence cut to six months by the Appeal Court.

Seoul clash

South Korean troops backed with armoured cars sealed off government buildings in Seoul as 50,000 students demanding democratic reforms fought pitched battles with police for the third day. Page 4

Americans held

Two Americans were arrested in Tripoli and accused of spying by the Libyan People's Committee for Justice. Page 4

Tax frauds

Suspected tax frauds involving millions of pounds are not being investigated because of Inland Revenue staff shortages, according to the civil service union CPSA. Page 10

Greenpeace fined

Greenpeace, the environmental action group, and three of its directors were fined a total of £800 in the High Court after admitting trying to stop a nuclear waste ship docking at Borrow-in-Furness in March in breach of a court order.

Briefly . . .

China has declared Saturday a day of morning for the late disgraced Chinese President Liu Shaoqi.

Gunmen killed two policemen and seriously wounded a third in a bar in San Sebastian, Spain.

Weather will remain dry for the next week, and it will be very warm in June, said the Met. Office. Weather, Back Page

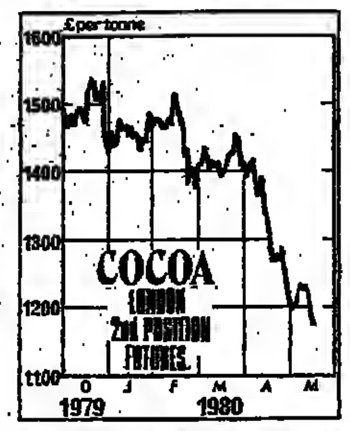
BUSINESS

Sterling up 1.2c; Gold off $7

● STERLING closed 1.2c higher at $2.3005, its best since February 14, after Mrs. Thatcher's interest rate warning. Its trade-weighted index was 73.5 (73.1). DOLLAR'S index was 85.3 (85.2) Page 35

● GOLD lost $7 in London to close at $518.5. Page 35

● COCOA: The London July futures position dipped to £1,160, the lowest since July



1976, before rallying to close £11 off at £1,174 a tonne. Page 39

● EQUITIES drifted lower in thin trading, and the FT 30-share index dropped 2.2 to 437.8. Page 40

● GILTS eased and the Government Securities index closed 0.17 off at 67.67. Page 40

● WALL STREET was up 4.61 at 824.23 near the close. Page 38

● MIDLAND BANK is starting an advertising campaign to persuade more working class people to open bank accounts. Back Page

● CHINA gained membership of the World Bank and two of its affiliates, the International Development Association and the International Finance Corporation.

● EUROPEAN Options Exchange expects to break even by the end of next year. Its backer, the Amsterdam Stock Exchange, agreed to continue to meet operating losses in 1980. Page 33

● LIFE ASSURANCE companies report a 45 per cent advance to £178m in new annual premiums for individual assurance and annuities in the first quarter of 1980. Page 10

● GOVERNMENT plans to halve the maximum rates chargeable on empty business properties. Page 8

● ICI manual workers will be recommended to accept a deal said by union negotiators to lift pay by 21 per cent.

COMPANIES

● LIGGETT directors are reported to have told Grand Metropolitan that they were pleased with Grand Met's increased bid of $570m (£247.77m). Back Page and Lex

● SANTA FE Industries and Southern Pacific proposed terms for a $1bn merger which would create one of the biggest U.S. railroad systems. Back Page

● INTERNATIONAL Harvester, the U.S. farm machinery group, reports a net loss of $229.5m (£99.78m) in the second quarter, against a profit of $95.3m.

● TRAFALGAR HOUSE first-half pre-tax profits rose from £16.32m to £19.34m. Interim dividend is stepped up to 2.5p (2.21p). Page 24 and Lex, Back Page

● NEWMAN INDUSTRIES' former chairman, Alan Bartlett, has told shareholders he will appeal against the High Court judgment that led to his dismissal. Back Page; Company report, Page 24

PUBLISHER'S NOTICE

The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Alpine Hldgs.	71	+ 4	Excheq. 3pc 1984	£72½	— ½
Bilton (P.)	210	+ 15	Arrow Chemicals	76	— 4
Currys	178	+ 9	Bass	232	— 4
European Ferries	135	+ 8	Berisford (S. W.)	136	— 6
Holt Lloyd Intnl.	239	+ 17	British Sugar	198	— 8
Ntnl. Carbonising	118	+ 6	General Accident	242	— 14
Nell and Spencer	111	+ 5	Grand Met.	121	— 3
Pauls and Whites	125	+ 4	Harris Queensway	177	— 6
Sothebys	473	+ 11	ICI	390	— 4
Utd. Scientific	515	+ 12	Imperial Group	76½	— 2
Century Oils	160	+ 14	Newman Inds.	42	— 9
Anglo Utd. Devs.	180	+ 25	Royal Insurance	330	— 15
Ashton Mining	132	+ 6	Sun Alliance	578	— 12
Cnt. Pacific Mins.	£24½	+ 1½	York Trailer	22	— 3
Conzinc Riotinto	254	+ 6	Berkeley Explm.	00	— 10
Doornfontein	588	+ 41	BP	344	— 10
Gopeng	390	+ 15	Tricentrol	356	— 10
Killinghall Tin	450	+ 10			
Northern Mining	122	+ 4			
Sthrn. Pacific Pets.	925	+ 50			
West Driefontein	£35	+ 1½			
Western Mining	211	+ 9			
Westfield Minerals	155	+ 15			

Money supply rate within target but no change in MLR

BY DAVID MARSH

THE RATE of growth of the money supply has come down to within the Government's target range. But official figures published yesterday showed that bank lending hit a record last month.

Mrs. Margaret Thatcher made clear in the Commons that the minimum lending rate would not come down as long as loan demand continued at its present high level.

MLR has been pegged at a record 17 per cent for six months, the longest period since 1972 in which UK leading interest rate has been kept unchanged.

The likelihood that a cut will be delayed until well into the summer helped boost sterling on the foreign exchanges yesterday.

It rose to $2.3005 from Wednesday's $2.2885, its highest against the dollar for three months.

Buttressed by increasing North Sea oil revenues and high UK interest rates, sterling has risen by about 11 per cent on a trade-weighted basis over the last 12 months in spite of a doubling in the inflation rate.

Mrs. Thatcher told the Commons that the annual rise in the retail price index for April, to be published today, would show a further increase from the 19.8 per cent in March.

It is generally expected that the annual rate will rise to 21 per cent or more, the highest for more than four years.

Worsening international competitiveness has aggravated the severe liquidity squeeze faced by industry.

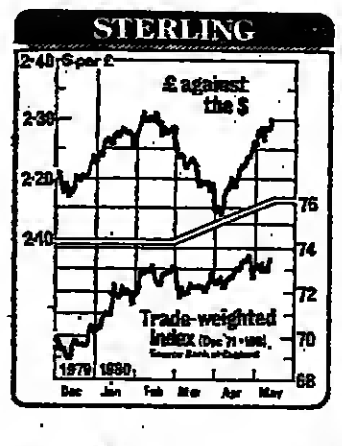
This has been one of the main factors forcing many companies to continue heavy borrowing to finance high wage settlements and uncomfortably large stock levels.

Yesterday's figures from the Bank of England showed that sterling M3, the broadly-defined money supply, rose only 0.3 per cent after seasonal adjustment in the four weeks to mid-April.

But seasonally-adjusted bank lending to the private sector rose to a record £1.55bn, well above the £439m in March.

The annual rate of growth of sterling M3 in the ten months since last June is down to 10 per cent, within the Government's 7 to 11 per cent target range.

In the last six months the annual rate of growth has slackened to only 6.5 per cent.



The effective rate of growth is probably about two percentage points higher because of the increase in commercial bills held outside the banking system, a form of lending not included in the main monetary measures.

However, the Government is now plainly more worried by the rise in bank lending.

Mrs. Thatcher told the Commons that there was "still

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Muskie rejects new peace moves by Afghanistan

BY JOHN WYLES IN VIENNA

MR. EDMUND MUSKIE, the U.S. Secretary of State, gave short shrift yesterday to the Afghan Government's diplomatic overtures, to Iran and Pakistan.

He claimed that the Kabul regime was making a propaganda ploy and was not offering a "serious response" to U.S. demands for Soviet troops to be withdrawn from Afghanistan.

Speaking after his arrival in Vienna from Brussels, where he had been attending NATO meetings, Mr. Muskie said the Kabul proposals were significant only for their timing. Their obvious purpose was to affect the Islamabad conference of Islamic Foreign Ministers, whose discussions starting tomorrow are expected to concentrate on Afghanistan.

Mr. Muskie said that the plan would legitimise the Soviet invasion of Afghanistan and the government of Mr. Babrak Karmal, without any firm prospect of a Soviet withdrawal.

Showing a stronger taste for the public platform than his more reserved predecessor, Mr. Cyrus Vance, Mr. Muskie saw only one interesting development. Russia, he claimed, was feeling "the pressure of international condemnation to the extent that for the first time reference to withdrawal is included in the proposal."

Clearly, Mr. Muskie's largely negative response further dampens any expectations of a substantive outcome to his meeting with Mr. Andrei Gromyko, the Soviet Foreign Minister. He forecast yesterday that it would be a probing exercise, which will open "with a sort of diplomatic minuet, as we each recite our reactions to the other's actions over the past six to eight months."

Nevertheless, this first high-level contact between the U.S. and the Soviet Union since the Afghanistan invasion has been made possible by the presence of both men in Vienna to celebrate the 25th anniversary of signing of the Austrian State Treaty.

Lord Carrington, the Foreign

Continued on Back Page

GERMANS BOYCOTT GAMES

A WESTERN boycott of the Olympic Games in Moscow this summer was strengthened yesterday when West Germany's national Olympic Committee followed the advice of the Bonn Government not to take part.

The decision may sway some other European nations to join the U.S. call for a boycott in protest at Soviet activity in Afghanistan. It will almost certainly strain relations between Bonn and Moscow. Back Page

Imps goes ahead with HoJo bid

BY ANDREW FISHER

IMPERIAL GROUP, the UK tobacco, brewing and foods group, is going ahead with its $630m (£275m) takeover of HoJo, the Howard Johnson motel and restaurant chain in the U.S., after earlier raising doubts about the deal.

But under the requirements of the liquor laws in New York State, one of the 40 states in which HoJo operates, Mr. Howard B. Johnson, its chairman, will not be able to sit on the board of the British group. Nor will any directors of Imperial be able to join HoJo's board.

Mr. Jim McKinnon, Imperial's finance director, said the bid should be completed in four to five weeks. It will be financed through Eurodollar loans. Imperial is offering $28 a share for HoJo, whose shares moved up yesterday to just below this level.

Last month they fell sharply after Sir John Pile, who was then Imperial's chairman, said in his final speech at the annual meeting that there were still questions to be asked about the deal.

But Imperial said yesterday in a brief statement that it had told its lawyers and financial advisers to complete the purchase as soon as possible, now that it had completed its review.

All 40 states have given satisfactory indications about liquor licence approvals for Imperial. It will have to close down or sell the small New York-based operation of its Saccone and Speed liquor distribution subsidiary.

Imperial's own shares closed 2p lower at 76½p yesterday, reflecting some City opinion that it is paying too high a price for HoJo. This has been the view of some major institutions, although the company easily obtained shareholders' approval in December.

New York's ban on joint directorships dates back to the lifting of Prohibition in the early 1930s, when it was laid down that the retail and wholesale sides of the alcohol business should be kept separate.

Mr. McKinnon said HoJo had obviously been affected by the U.S. recession, though less badly than others in the same sector. But some improvement was in sight.

HoJo has already reported 19 per cent lower earnings in the first quarter at $5.24m. It referred to the "vexing problems" of inflation and high petrol prices in its annual report in March.

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New Iran moves to switch oil funds

By Andrew Whitley in Tehran

IRAN IS taking further steps to shift its oil revenue away from banks in countries which might apply economic sanctions against it, in favour of those in four neutral or non-aligned countries—Switzerland, Sweden, Austria and India.

In the past few days five more banks in those countries have been added to the approved list of those empowered to open letters of credit and handle revenue payments on behalf of the National Iranian Oil Company.

A senior Iranian banker yesterday denied that it was the Government's policy to channel all oil revenues through banks in the four countries. But he added: "What do you expect us to do ahead of May 17?" (the date when EEC countries may start applying sanctions against Iran).

To safeguard its foreign exchange reserves against a possible freeze of assets by Western Europe and Japan, Iran is known already to have placed funds in the names of friendly central banks such as those of Libya and Algeria. Other sanctions avoiding measures being undertaken

Although purchasers of Iranian oil are being encouraged to open their letters of credit only in the five new banks, traditional channels in France and Britain appear still to be open.

Paribas, a leading French bank, acted in one case last month, after the original decision on sanctions had been agreed by the EEC Foreign Ministers.

Latest unofficial figures suggest that Iran's oil exports are running at no more than 500,000 to 600,000 barrels a day, producing an income of between $17m and $20.5m (£7.5m-£9m) a day.

According to diplomats in Tehran, two offshore production companies, LAPCO and IPAC, in which U.S. companies used to have a share, have had to stop production because their storage tanks have reached capacity.

Limited storage capacity is also believed to be affecting Iran's domestic refineries. Heavy fuel oil, largely sold in the past to tankers loading at Iran's ports, is having to be stored because of the small number of tankers now calling.

£ in New York

—	May 14	Previous
spot	$2.2968-2998	$2.2880-2290
1 month	1.59-1.52 dis	1.50-1.45 dis
3 months	3.73-3.25 dis	3.32-3.25 dis
12 months	7.55-7.35 dis	7.15-2.95 dis

BL chairman warns of further losses

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FURTHER uncertainty has been raised about the future of BL as continuing high interest rates, sterling's strength and rapid inflation have put great pressure on the group's cash flow this year.

Sir Michael Edwardes, BL chairman, told yesterday's annual meeting that these external factors had severely affected BL's ability to compete profitably both at home and abroad.

Further losses this year were inevitable. "The question is: How far can we go with model programmes, pay for factory closures and still stay within cash targets?

"Cash flow will be the crucial test of whether we are managing the business properly in 1980," he said.

Capacity

But the indications are that Sir Michael has no intention of asking the Government for more than the £300m approved for 1980-81.

The group will resist the temptation to cut manufacturing capacity further, after completion of the closures involving 13 plants announced last September. Sir Michael has always maintained that the cars division needs the capacity to produce 900,000 to 1m vehicles a year if it is to remain an economic volume producer.

BL said last September the workforce would be cut by "at least 25,000" in the following two years. It now seems almost certain the final total will be well over 25,000.

This year's uncertainties are clearly having an impact on the 1981 corporate plan which the BL board has already started to put together.

Sir Michael said that to remain competitive overseas BL "must absorb the penalties of the strong UK inflation and rising costs and overheads to price our vehicles in line with our competitors."

He went on: "This means that in some markets our margins have now been reduced to the point where there is barely a profit and in some cases a net loss.

"And it is not an easy matter to decide whether we should view the current terms of trade as a temporary phenomenon and just soldier on in unprofitable markets or with unprofitable products until the situation changes, or whether we should opt out.

"We cannot ignore the fact that we are one of Britain's largest exporters."

Taking exchange rate movements and relative inflation into account, the UK is probably the most profitable market in which to sell vehicles—"that is if you are making your products anywhere else and shipping them here."

Sir Michael calculated that in the past year the profit margins of selling in the UK had doubled for French and German manufacturers and quadrupled for the Japanese. "That gives them a great deal of room for aggressive marketing."

BL continued its "buy British" policy, but the group was being forced in some cases "by the sheer economics" to buy abroad instead.

Sir Michael warned British suppliers that they should not try to pass on to BL inflationary price rises which resulted from high wage settlements. "To do so would be grossly unfair to all our own employees who have had the realism to settle modestly."

On industrial relations, Sir Michael denied it was BL's policy to confront unions or employees. "BL's main hope for 1980 and onwards is that we can broaden the recent agreements and understandings between management and unions into a positive strategy for co-operation and united effort and finish with confrontation once and for all. If we do not, we have no industrial future."

BL's internal dispute record improved dramatically in 1979 there was a 52 per cent reduction in hours lost. The two external strikes, the road haulage and engineering disputes, cost more than £60m in lost profit and 10m lost man hours.

Elected

Sir Michael said BL was attempting to cope with "the peculiar difficulties of operating in and out of Britain" when the automotive industry was engaged in a "contest of survival on a worldwide scale."

BL estimated that about one third of a million car workers around the world were either on short-time or laid off. The only exception was Japan.

● Mr. Ian MacGregor resigned yesterday as deputy chairman of BL after his appointment as British Steel Corporation chairman. Sir Austin Bide was appointed BL's deputy chairman. Mr. John Mayhew-Sanders chairman and chief executive of John Brown, the engineering group, was elected a non-executive director of BL.

West reacts with scepticism to Afghan peace plan

BY DAVID TONGE

THE WEST has welcomed ooe main point in the new Afghan peace proposals—the indication that the Soviet Unioo seems prepared to coosider a political settlement. Bnt, though the proposals for the first time talk of Soviet withdrawal from Afghanistan, there is deep scepticism abont whether they represent a sufficient step forward to allow any progress to be made in Vienna in the next two days.

Today Mr. Edmund Muskie, the U.S. Secretary of State, is due to meet bis Soviet counterpart, Mr. Andrei Gromyko, for the first time since Moscow invaded its neighbour. On Saturday, Lord Carrington, the British Foreign Secretary will also meet Mr. Gromyko, thus reversing a four-month-old UK policy of freezing ministerial contacts with the Soviet Uoion.

The timing of the Afghan proposals is considered opportunistic by Western officials. While they may have been intended to destroy any remaining interest in British and EEC calls for a neutral and non-aligned Afghanistan, they also appear to have been aimed at the Islamic Foreign Ministers' meeting in Islamabad this weekend.

Mr. Muskie yesterday described the proposals as "cosmetic" and a British Foreign Office spokesman said they confirmed the status quo in Afghanistan and showed "little if any change from the previous Soviet and Afghan position." But, in private, other Western officials argua that the proposals involve two fresh themes for the Soviet Union.

The first is a reference to (unspecified) guarantees of non-interference by the U.S. and Russia, a point which may have been borrowed from the EEC proposals. The second is a reference to the withdrawal of Soviet troops once rebel activity has ceased and Kabul bas normalised its relations with neighbouring Iran and Pakistan.

The proposals have been presented against a background of continuing problems for the Soviet Union in Afghanistan. Western analysts have been surprised at the degree of resistance" put np by Afghans

One month ago the regime of Mr. Babrak Karmal advanced a five-point plan which called for bilateral talks with Iran and Pakistan; a conference to normalise the situation in the region; talks to reduce military expenditure in the region; talks on relaxing tension; and discussions on how to turn the Indian Ocean and Gulf into a region of peace.

At the same time Sr. Isodoro Malmierca Peoli, the Cuban Foreign Minister, started an initiative which the West saw as owing more to a desire to advance Soviet wishes than to genuinely wanting to gain credibility among the non-aligned movement.

However, Pakistan strongly opposed the talks with Kabul which the Cubans advocated and Iran has always shown sympathy for the aspirations of the Afghan rebels.

Pakistanis reject Kabul bid

By David Housego

PAKISTAN yesterday rejected the Afghan proposal for direct talks between the two Governments which would amount, Isalamabad believes, to de facto recognition of the Babrak Karmal regime in Kabul.

The reason given by the Foreign Ministry for rejecting the Russian-inspired proposal was that the resotutions of the Islamic Conference held in Istamabad in January precinde member states from relations with Afghanistan until Russian troops have been withdrawn.

Pakistani officials saw little new in the proposals which called for talks with Iran and Pakistan on normalising relations. But the tnitiative is seen as embarrassing, coming just before the Islamic Foreign Ministers' conference which starts on Saturday. It is tikely to be seized on by radical Moslem states which support a resumption of retations with Kabul and Afghanistan's readmission to the Islamic Conference.

The Russians have been putting pressure on Pakistan in recent weeks to come to terms with the Kabnt regime.

Mr. Abdul Salam al-Treiki, Libya's Foreign Minister, called on his arrival in Pakistan on Wednesday for tbe immediate readmission of Afghanistan. The fact that a number of Arab Governments have recetved an Afgban delegation led by Mr. Dost Mohammed, the Foreign Minister, in recent weeks is seen as weakening tbe case for withholding recognition.

Pakistan is nervous lest the Afgban Government tries to force entry to the Foreign Ministers' talks in the hope of winning readmission. Pakistani missions abroad have been instructed recently not to issue visas to Afghan subjects.

Russian invasion forces face a war of shadows

BY DAVID SATTER IN MOSCOW

ALMOST FIVE months after the Soviet invasion, the war in Afghanistan has become a war of shadows. Western observers believe the Soviet Army has oot yet developed a strategy for defeating the Afgban rebels, who melt away as Soviet units approach.

There is little information about t be fighting, but there have been signs in Moscow that Afghan resistaoce has been greater than expected, while Soviet military performance has been poorer than hoped.

The first indication of problems was the speed with which the Russians replaced the original invasion force, drawn from quarter-strength Central Asian reserve units. The Soviet troops in Afghanistan are now overwhelmingly European, with some reported to bave been transferred to Afghanistan from bases in East Germany.

There has been no confirmation of reports of desertions by Central Asian soldiers, bnt it is thought the Soviets would not have replaced thousands of Asian troops as quickly as they did if they bad been satisfied with their discipline or performance.

The Communist Party newspaper Pravda, in a bighly unusual acknowledgemeot of the problems facing Soviet troops and their Afghan allies, said last Saturday that "the struggle against the bandits in the mountains is no easy matter."

Pravda said that "just 10 or so men, occupying good vantage points and well armed with automatic weapons, machine guns and grenade throwers provided by the United States and China, can hold up the advance of a mucb superior force."

There was no acknowledgement that Soviet troops were taking part in the fighting, and the problems were said to affect only Afgban army units. Soviet forces, however, are now believed to have taken over almost the whole burden of the war against the rebels.

The Soviet armed forces' newspaper, Krasnaya Zvezda, has carried almost no information about fighting in Afghanistan, but there have beeo an increasing number of reports about training exercises on Soviet territory in such specialities as mountain warfare, airborne oparations and, since the February rioting in Kabul, fighting in cities.

Western military observers

The Russians' ultra-modern equipment includes the latest anti-aircraft missiles, but is of little use in persuing guerrillas on their own terrain.

believe the Soviet forces in Afghanistan are mechanised and road-bound, and tbe growing emphasis on training in unconventional warfare stresses the fact that Soviet military traioing bas traditionally presumed front-to-front confrontations of tbe kind which might be expected in a hypothetical conflict in Central Enrope. The Rnssians have little experience of anti-guerrilla warfare.

There are now 80,000 Soviet troops in Afgbanistan, and about 25,000 in tbe Soviet Union near the Afgban border. But the long-awaited spring offensive against the guerrillas has not come, and may be postponed indefinitely.

The Soviet forces bave secured major cities and the roads between them, but military observers believe they have not adjusted psychologically to the kind of war they are fighting. The vast amounts of ultra-modern equipment they bave moved into Afghanistan, inclnding the latest rifles, mortars, anti-aircraft missiles and loog-range artillery, can be thoroughly tested in Afghanistan, but that equipment is of little nse in pursuing the guerillas on their own terrain.

Soviet and Afghan units typically respond to calls for help from beleaguered local authorities only to arrive and find that tha Afghan rebels have disappeared. They may search houses and make a few arrests, but they do not take drastic action to assert government authority. The rebels return as soon as the Soviet units withdraw.

When Soviet and Afghan units come into direct conflict with the Afghan rebels, the rebels are usually the initiators and the Soviet troops normally take up defensive positions behind their beavy equipment.

The deployment pattern almost suggests the Russians believe their own propaganda about defending the Afghans against "foreign aggression." There have been punishing Soviet strikes against some rebel stronghotds, inclnding, most recently, a battle involving hundreds of Soviet tanks in the Ghanzi area, south of Kabul.

The Soviet authorities may, therefore, be very uneasy. The war is unpopular in the Soviet Union itself. Feelings are sufficiently ambivalent that, in a departure from Soviet tradition, soldiers wbo die in Afghanistan are not being buried where they fall but are brought back for burial in Soviet soil.

The Soviet newspapers say almost nothing about casualties or fighting, aware that they cannot count on broad public support. Reports from Afghanistan have concerned Mr. Karmal's

The enemy: Moslem insurgents in the Kama Valley, in eastern Afghanistan.

Government, co-operation between Soviet and Afgban specialists, and the successes of the Afghan army against "gansters" "criminals" "mercenaries" and "bandits," with Soviet trops said t obe playing only a support role.

The control over information affects the families of soldiers posted to Afghanistan. Throughout a Soviet soldier's service, bis relatives know only the number of his divisioo but not where the soldier and division are posted. There have beeo cases of Soviet soldiers passing word to their families that they were not in Afghanistan. When a soldier is killed in battle, his family is told that be was "killed in hte fulfilment of bis duties"—the same formula used for accidental death—but not wber be died or how.

This lack of information bas softened the impact of Afgbanistan. Many of the seriously wounded are treated in East Germany, and maimed or disfigured soldiers are reported to be resting in Sanatoria on the Black Sea.

Sometimes, bowever, reality still manages to intrude on the all-but-pervasive impression in Moscow of a distant war against an ill-defined foe. Thirty officers were reported in mid-April to bave been buried in the military cemetery in Kiev, a bigh toll for one locality. By the end of the month, there were 25 more graves.

The Soviet takeover in Afghanistan was rapid and painless, but the Soviet authorities may be unable to consolidate their control so easily. The war bas had little impact on Soviet society so far, but the cboices which the Soviet armed forces must face suggest that, even with only the barest access to information in Moscow, the Afgban war may soon come to people's attention of its own accord.

France plans to aid farmers if EEC deadlock persists

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government has drawn up a contingency plan to support its farmers if Britain maintains its veto of the 5 per cent price rises for agricultural products, agreed by the other eight members of the European Communit.

Measures expected to cnst the French Treasury FFr 5bn at least (£522m) will be introduced on June 1, if unanimons agreement on farm prices is not reached by EEC Agricultural Ministers at their meeting on May 28-29.

Three types of action are envisaged and will be discussed by M. Raymond Barre, the Prime Minister, with representatives of farmers' organisations next week.

Market intervention measures will be adopted to support the domestic prices of some farm products. The frontier has already been closed tn imports of tomatoes under the Community's safeguard clause for vegetables.

State aid will be given to young farmers to help them repay loans which they have contracted nver recent years. Finally the state will reimburse a proportion of farmers' value added tax payments.

While there is still some hope in Paris that compromise will be reached by the end of the month on Britain's demands for a reductinn of its contributions to the EEC budget, and on a rise in farm prices, the Government is making sure that it will not he left high and dry in the event of continuing deadlock.

A meeting of the Cabinet has been fixed for May 30, immediately after meetings of Foreign and Agriculture Ministers of the Nine in Brussels.

Meanwhile, the pressure exerted by France's powerful farming community is growing and demonstrations are a daily occurrence.

More than a thousand farmers clashed with police in a small town near Limoges on Wednesday.

Government stands firm on foreign students policy

BY DAVID WHITE IN PARIS

A FIRM stand by the French Government on its policy towards foreign students threatens to fuel protest mnvements at a oumber of nniversities after two days of violent clashes in Paris.

Fighting in the Left Bank district on Wednesday led to 140 arrests and injuries tn 35 policemen and an unknown number of demonstrators. Yesterday 21 people were expected to be cbarged with offences against public order.

Most reports blamed groups of young "autonomes," extraneous to the students' movement, for provoking the fighting which followed the accidental death of a demonstrator at the Jussien science faculty nn Tuesday. Several vehicles were nverturned and shop windows ransacked.

Two students were given suspended sentences for their role in tbe Jussieu incidents and seven other people, including tbree minors, were charged.

Other protests were staged on Wednesday by students in French provinces, where the campaign about foreign students' conditions bas been building np for months.

French authnrities argue that the new conditions imposed on fnreign candidates—a standard French languoge test and a guarantee that they have adequate funds—are nnt strict nor are they intended to cause mass expulsions. They also argue that France has a higher proportion of foreign students—12 per cent—than any other major country.

Replying to charges that the police bad infringed long established university priveleges by going into the Jussieu faculty without being requested, M. Christian Bonnet, the Interior Minister, said they had "the right and the duty" to intervene. The Government would nnt tolerate vandalism or provocation.

M. Raymond Barre, the Prime Minister, told the National Assemhly in emphatic terms that the Government would not allow universities tn become "rubbish dumps" for students who were unwanted in the universities of their own countries.

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WARSAW PACT SUMMIT

Pledge to repair East-West relations

BY ANTHONY ROBINSON IN WARSAW

AS WESTERN leaders responded without enthusiasm to the latest diplomatic feelers from Kabul, Warsaw Pact leaders, at the end of their two-day meeting here, emphasised their desire to try to improve East-West military and political relations. Mr. Andrei Gromyko, the Soviet Foreigo Minister then flew to Vienna for his first talks with Mr. Edmnnd Muskie, the new U.S. Secretary of State.

Mr. Leonid Brezhnev, the Soviet President and Mr. Edward Gierek, the Polisb Communist Party chief, set the tone of the pact meeting in their lunchtime toasts to he assembled political and military leaders of the seven countries. Mr. Brezhnev praised tha pact as "an infallible common defence system which has blocked the enemy's attempts to transform the socio-political map shaped after the Second World War. It had "created the basis for a more realistic approach by Western leaders to peaceful co-existence," he said.

"In the current complicated international situatioo, there souods from Warsaw a decisive warning against the policy of war adventurism and the fraotic arms race. There sounds the voice of reason and peace and confirmation of the will to solve the urgent problems of the world today," be added.

In his toast, Mr. Gierek called on all governments carefully to read the meeting's final declaration because its aim was "to liquidate the current tensions and to assist the positive peaceful process in Europe and the world." He said that Poland had again proposed a European disarmament conference "to work out concrete steps for halting the arms race in Europe and the world."

But the most intriguing part of Mr. Gierek's speech came at the eod when he said that the pact's members were in full agreement with the Soviet Union that the Socialist states were "ready to talk to anyone if this helps peace and detente."

This seemed to imply Moscow's ecceptance of greater diplomatic leeway for the individual East Enropean state, a right Romania has insisted on for years. It would appear to facilitate contacts between East and West Germany and bilateral East-West relations in general.

It could also legitimate the diplomatic and economic contacts which Romania, in particular, has forged with China, Israel and the West in the face of what up to now has been thioly veiled Soviet opposition.

Evidence of tha greater leeway emerged last week in East-West talks during President Tito's funeral. Herr Helmut Schmidt, the West German Chancellor, indicated after his meetings with the East German leader, Herr Erich Honecker, aod with Mr Gierek, that the East Germans now appeared able to talk with graater authority about inter-German problems without having to defer constantly to Moscow.

French credit for Turkey

BY METIN MUNIR IN ANKARA

AN AGREEMENT under which France will provide Turkey with a programme credit totalling $100m was signed here yesterday by M. Rene Monory, the French Economics Mioister, and Mr. Ismet Sezgin, the Turkish Finance Minister.

The loan will raise France's halance of payments support to Turkey next year to $228m.

France, meanwbile, is to coordinate the re-scheduling of Turkey's debts, believed to exceed $2bn, to suppliers io Organisation of Ecooomic Co-operation and Development countries. The debts concerned are those built up since Turkey's economic crisis started in 1977 and involve suppliers covered by the Government's export insurance departments. There is a separate programme for uninsured suppliers.

A meeting of the countries involved to discuss the terms of re-scheduling will be called after Turkey signs a new stand-by agreement with the International Mooetary Fund now under discussion in the U.S.

BASE LENDING RATES

A.B.N. Bank	17 %	Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amros Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Baok of N.S.W.	17 %	■ Samuel Montagu	17 %
Banqne Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Caoada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits, 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

هكذا من الأصل

Private sector credit squeeze likely in Spain

BY ROBERT GRAHAM IN MADRID

AN UNEXPECTEDLY sharp increase in Spanish public sector spending is forcing the Government of Sr. Aldofo Suarez to reconsider its credit policy. Despite some strong resistance from the banks the authorities are expected to introduce measures to squeeze private sector credit.

In each of the first four months of the year the increase in money suply has been above the original margin. In April the Bank of Spain detected a disturbing acceleration in this expansinn—24 per cent on a month-to-month basia. The main stimulus has come from the public sector which managed to absorb, in the first quarter, the total increase envisaged for the whole of 1980. Largely resorting to the Bank of Spain, the public sector has absorbed Pta. 290bn (£1.8bn).

Sr. Suarez: having second thoughts

Bank of Spain nfficials say that the increase is in part due due to a sbortfall in Treasury receipts from taxes. It also appears that an important slice of budgt expenditure, held over from 1979, has been disbursed, adding a further distortioo. At the same time, the levelling of domestic interest rates with those prevailing in international markets led to a switch away from foreign to domestic borrowing.

This factor also appliad to the private sector where credit bas also expanded above the 1980 target of an average 16-17 per cent. Provisional Bank of Spain figures show credit to the private sector in March rose by 27 per cent.

On current projections the public sector deficit could be over Pts 400bn (£2.47bn). The authorities are hoping for a turnaronnd in the declining trend of tax collection

The Bank of Spain, however, is nnt willing to rely solely on this and sees no alternative but to drain liquidity. The most likely move is to raise the amount banks are obliged to place with the Bank of Spain. This is currently 3 per cent of deposits. The Bank would have liked to have raised this a further point but a well orchestrated campaign by the banks has made the full increase unlikely, cutting the rise to 0.5 per cent.

In anticpation of the move, interst rates bave moved up and are now bovering around 20 per cent on the inter-bank market. In the past two years, the Bank of Spain has, through careful management of the money supply, eased tensions ln the Interbank market. But ther are fears that tensions will return if too restrictive an attitude is adopted.

Portuguese leader for EEC talks in London

By Jimmy Burns in Lisbon

THE PORTUGUESE Prime Minister, Sr. Franciseo Sa Carneiro, arrives in London on Monday at the beginning of a tour of major European capitals aimed at smoothing Portugal's entry into the EEC. During next week the delegation will visit Paris, Brussels, Athens, and Dublin.

Sr. Sa Carneiro and his team are going to London conscious that the solid political relationship established between the centre-right Democratic Allianee and Britain's Conservative Government could be put to the test when Portugal presses again for aid before accession to the EEC.

Portugal has asked for 287m Units of Account in direct grants over the next three years to cover infrastructure, agriculture, and medium and small sized industries. Lisbon officials argue that unless they receive this Portugal will be unable to absorb further aid once it joins the Community in 1983.

Textiles is another contentious issue as the Portuguese have said they will not accept any attempt by Britain to restrict their textile exports once Portugal joins the EEC.

Portuguese textile exports are booming and account for over 30 per cent of total earnings. The Community already absorbs over 50 per cent of Portugal's textile exports.

A further note of controversy is expected to be struck in Paris on Tuesday. Portugal's chief EEC negotiator, said yesterday that Lisbon would not accept restrictions on the free transfer of labour. The Portuguese already constitute France's largest immigrant community and there are fears that the French might try to curb any expansion.

Bleak outlook for six Comecon economies

BY LESLIE COLITT IN BERLIN

WORSENING TRADE deficits for the six East European members of Comecon will curtail investment and hold down living standards this year, according to a study of Comecon's economic prohlems by the German Institute of Economic Research.

The East European countries had a trade deficit last year with the Soviet Union of 1.06 transferable roubles ($1.6bn) and a deficit with the West of $6.7bn. The rise in prices for Soviet oil, natural gas and raw materials means East Europe must export more to Moscow. Eastern Europe's prospects of boosting exports to the West are poor because of lower economic growth there. The Soviet Union, which has its own problems because of unproductive agriculture, has improved in terms of trade with both the West and other Comecon countries. It has been providing credits to the East Europeao countries to help finance their energy imports, according to the institute.

Real wages dropped last year in Bulgaria by 0.8 per cent, in Czechoslovakia by 0.4 per cent and in Hungary by 1.2 per cent because of rising prices. Incomes rose 3.5 per cent in East Germany which never admits to price rises even when they take place.

With the exception of Bulgaria, the European Comecon countries have all planned higher growth in national income this year although the targets were mostly not achieved last year.

The European Comecon countries, taken as a whole, expanded national income by 2 per cent. But Poland failed to achieve its goal of 2.8 per cent growth and instead national income fell 2 per cent. The Soviet Union bad growth of only 1.5 per cent against a target of 5.2 per cent. Of the major Comecon countries, only East Germany with 4 per cent growth came close to its goal of 4.3 per cent.

Labour productivity is disappointing. The institute explains the Comecon countries are seeking to improve labour discipline, introduce new labour regulations and base a higher proportion of wages on performance. It quotes Hungary's Comunist Party leader, Mr. Janos Kadares, as saving that "wages should not be a reward for mere attendance."

Industrial productivity rose 2.4 per cent in the Soviet Union last year agains a target of 4.7 per cent. It rose 2.9 per cent in Czechoslovakia, where the goal was 3.8 per cent per cent, and 3.3 per cent in Poland where the plan stipnlated 5.3 per cent. Again nnly East Germny nf the important Comecon economies approached its target with growth of 4.4 per cent against the 4.6 per cent planned.

High Brussels salaries make Bonn MPs see red

BY JONATHAN CARR IN BONN

A GROUP of West German parliamentarians is on the warpath over an apparent financial injustice in the EEC.

The MPs are not complaining—like their British counterparts—about their country's big net contribution to the Community budget. But they have long suspected that EEC officials, chiefly employed by the European Commission in Brussels, are being paid far more than their national connterparts in the member states.

They fear that this disparity may be increasing and they want to know what the West German Government, in particular, is doing to try to put things right.

The Government bas now cautiously responded to 17 written arliamentary questions on the topic. It hedges its replies in advance by stressing the hazards of trying to make direct comparisons between the pay of national and international public servaots. But it goes at least some of the way to confirm the suspicions of the qnestoners.

The figures it presents indicate, broadly speaking, that officials in Brussels are receiving roughly douhle the pay and allowances of public servants in Bonn iwth similar responsibilities and family status.

At the bead of its examples, the Government compares the sum received by a Ministerialdirektor in Bonn (roughly equivalent to a Depnty Under-Secretary at the British Foreign Office) with that received by a Director-General in the Brnssels Commission. In both cases it is asumed tbat the official is married with two children and all available benefits, such as family allowances, are included.

Cost of living

The pay figures and exchange rate calculations reflect the postion in February this year. On this basis, tbe monthly sum received by the Bonn officials is given as DM 10,763 gross (£2,690) and DM 7,065 net (£1,770). That of the Brussels Director-General is given as DM 20,234 gros (£5,060) and DM 15,002 net (£3,750). Five other comparisons between the sums received by various ranks of officialdom in the two capitals show similarly wide differentials.

At least two qualifications on behalf of the Eurocrats should be made. For one thing, the cost of living in Brussels is higher than in Bon—albeit not by much. An EEC index cited by the Government and dated last Joly which scales Brussels living costs as 100, puts those in Bonn at 99.3.

Further it is clear that most of the EC o:cials in Brussels are non-Belgians, facing the additional expenses and (at least initially) problems of living abroad.

The Bonn Government recognises this and includes in its comparisons the sums received by West German diplomats working in Brussels and thus being paid a foreign service allowance. The figures show that, in the bigher grades of service, these diplomats receive rougbly one third less, on a net basis, than their EEC equivalents in the same city. The lower grades receive about one quarter less thao their EEC counterparts.

In theory, it could be that West German diplomats aod other public servants are paid markedly less well than their counterparts elsewhere in the Community—so that a direct comparison of this kind distorts the degree to which EEC officials are well off. But in fact the Bonn Government indicates that West German puhlic service pay is above the Community average.

The conclusion must be that the disparities with EEC pay revealed in the Bonn figures would he even larger seen from several other capitals.

Proposals expected

The Government notes that, in 1976, a new system was introduced which was supposed to mean that, in the medium term, the increases in the pay of EEC officials would keep pace roughly with the average increases of public service pay in the member states. However, the Government notes that this system in itself could not reduce the marked existing disparities. Indeed, its own figures for pay increases tbis year indicate tbat the disparity between German and EEC pay may actually be increasing.

Bnnn is nnw expecting the Commission to make new proposals on the pay problem so that the Council of Ministers can decide on them hy the end of this year. But those who have fnllowed the saga of attempted reform over the years are frankly pessimistic about the prospects for a breakthrough.

Does it matter anyway? Some have argued that the higher Brussels salaries are a partial recompense for nfficials whose European idealism is gradually destroyed by national rivalries within the Council nf Ministers. But old Brussels hands who have returned to Bonn note that a national bureaucracy is not without its frustrations either.

One suggestion, nnt wholly ironic, is that if the EEC wants to promote some idealism it should increase the pay nf its officials by markedly less than the Community average. "Few steps would be more calculated to undermine those complaints heard from time to time that the Eurocrats are feathering their nests at the expense of the European tax payer.

OVERSEAS NEWS

Andrew Whitley in Tehran reports on the political manoeuvrings taking place in Iran as the new Parliament prepares to assemble

Differing visions of government vie for power in Iran

"THE OVERWHELMING majority of the people want (a Prime Minister) who represents security, order and moderation. They are gradually getting fed up with personal and group autarchy . . . and with the tendency that wants to consolidate murder instead of decisiveness."

Far from being the private protest of some chicken-hearted member of the bourgeoisie, unable to cope with the exigencies of revoluationary Iran, tbat was Mr. Abol Hassan Bani-Sadr, the President himself, writing earlier this week in his newspaper Islamic Revolution: the same Mr. Bani-Sadr whose constant sniping from the sidelines helped to bring down the Government of Mr. Mehdi Bazargan last year, and the man whose sweeping majority in the presldential elections last January seems to bave vanished into thi air.

In an editorial which had all the appearance of a political last will and testament the President warned unequivocally of the dangers of "religious fascism" and of groups seeking to "re-establish political despotism under the guise of religion." Such developments were preparign the ground for a U.S.-inspired conp, Mr. Bani-Sadr said.

The target of his broadsides, the clergy-dominated Islamic Republican Party, was unperturbed. It bad just outflanked the President's own ploy for strengthening his influence at their expense by appointing his own so-called "provisional" Prime Minister. Moreover, the Islamic Republicans know they retain their special links with Ayatollah Khomeini's informal office and can control the majority of seats in the new Majlis (Parliament).

With results from 242 of the 270 seats declared, the Islamic Republicans' "grand coalition" claims to have won 130. The next largest faction, Mr. Bani-Sadr's cumbersomely named "Co-ordinating Office of the President and the People" and his political allies, say they bave at least 74. The remainder will be local clergymen without national affiliation and a bandful of independents.

The Majlis will probably be a far more amorphous and less manageable gronp than each side's election claims would suggest.

The politically inexperienced clergymen who make up most of its numbers are unlikely, in the opinion of prominent Iranians, to be the disciplined "division fodder" some foreign analysts bave openly feared.

President Bani-Sadr: a vanished majority

Cbarged with deciding the fate of the hostages at the U.S. embassy, the likelihood is that they will blur the issue until hey get a strong lead from Ayatollab Khomeini, wbo has tried to wash his bands of the problam but will probably not be allowed to do so.

The President's Office bas responded to its latest setback by calling for a parliament of national unity, without majority and minority factions. It also criticised the Islamic Republicans' leadership for asserting a monopoly of political legitimacy in "the Imam's line," as Ayatollah Khomeini's vision is known.

Put simplistically, the political manoeuvrings of the past fortnight, the late-night meetings of the Revolutionary Council, the newspaper slanging matches, the election claims and so on—could be describen as a power struggle. But, although the contest is becoming more overt by the day, it is not so much a naked struggle for personal or factional ascendancy as a cootest between different visions for the Government of Iran.

For all their radical rhetoric, Mr. Bani-Sadr and his young acolytes, called the "Stamford Mafia" after the U.S. university several attended, have correctly tapped the public mood of intense weariness with revolutionary confusion and the arrogant swaggering of the Mnllahs.

On the other side, Ayatollah Beheshti heads a group of clergymen and some lay figures, many of them grouped in the Islamic Republican Party, who cannot countenance any compromise in the guiding principle of the Islamic repnblic: rule by the Mullahs. It is not how that will be applied which is important for them now, but the way the goal will be reached.

The points at issue betweeo Mr. Bani-Sadr and the Islamic Republicans have been: whether a Prime Minister should be appointed now or after the Majlis opens; bow soon the Majlis should meet; and whether the legislature would debate tha bostages as its first business, or simply in dne course. All are apparently procedural matters of no great significance, hut behind them is the President's nagging worry of how the international crisis with the U.S. and its allies could worsen.

There are many Iranians who believe it is only the cootinued detention of the hostages which is saving them from destruction by the U.S. Consequently, one element in a settlement, as outlined by a close associate of the President, wonld be some form nf U.S. guarantee or built-in safeguard against such an action.

One ray of hope is that there are those wbn are now beginning to question whether it is any longer in the interests of Ayatollah Beheshti's men to hang on to the bostages. The way this argument runs is: the Islamic Repubbcans have proved their staying power in Iranian politics; the Iranian revolntion has been able to make its points to the world about the Shah'a misdeeds by forcing a public re-examination of his record; the U.S., especially sinee the abortive rescue attempt, has been seen to have been beld at hay by a small, weak nation. So what more can be gained?

Ayatollah Beheshti: no compromise on principles

The concomitant is that the advent of a Majlis dominated by the Islamic Republicans might not be sucb a ba dthing. Western diplomats working behind the scenes to break the apparent deadlock that exists, both within Iran and with the U.S., recognise there can now be no automatic procedure fnr releasing tbe bostages without taking the Majlis into account.

Mr. Bani-Sadr's attempts to escape his predicament have progressivly lessened his own credibility and given his the air of a loser.

His efforts to appoint his own Prime Minister foundered when each of those be asked in turn refused to take on a task they deemed hopeless. Several are waiting in the wings to take power on their own terms, although how they would dn so is unclear.

Those judged to have the best chance of taking nver are known as the "Syrian faction." They include Mr. Sadeq Tabatabai, a former Deputy Prime Minister, Mr. Mustafa Chamran, the Defence Minister, and Mr. Sadeq Qothzadah, the Foreign Minister.

They are likely to favour some form of trial for the hostages, followed by their speedy release, as the best course nf action for all sides.

In the meantime, European sanctions, in addition to those of the U.S., will make virtually no difference, other than to harden attitudes.

Iranians, from the powerful prelate down to the man in the street, have already taken them into account—and disconnted them.

Iran has made considerable preparations to counter their effects, by changing sources of supply, arranging alternative routes through subsidiaries of the multinational corporations, and switching financial reserves—and new foreign payments—as far as possible into areas where they cannot be touched.

Obrectirely, as Western diplomats and concerned Iranians here agree, the best hope now is a period of rest.

The hnstage issue is paralysing decision-making at all levels of society, and the frustrations are beginning to emerge. The problem is thal, outside the political deadlock, life goes on very much as normal, albeit with less money to go round.

As one former Government Minister succinctly put it the other day: "The point where your logic ends and ours begins is the point of martyrdom." There is little logical reason for the crisis to continue, and most Iranlans do not wish to be martyrs. But force them into a corner and they will line up to die.

Premier appeals for calm after Seoul students riot

SOUTH KOREA'S Prime Minister, Shin Hyon Hwack, broadcast an appeal for restraint last nigbt after 40,000 students fought a pitched hattle with police in the country's capital, Ron Richardson reports from Seoul.

The students seized buses and drove them at lines of masked and belmetted police who were holding them at bay with tear gas and pepper gas. Seven police were seriously injured.

About 30 armoored personnel carriers backed by several companies of troops had thrown a cordon round Government offices and the presidential palace to stop demonstrators reaching the Prime Minister's office.

The demonstration was the second successive day of violence in Seoul as university students continued to demand the immediate lifting of martial law and the rapid introdnction of a democratic constitution. Martial law was imposed after the assassination of President Nark Chung Hee last October.

After two weeks of rallies at most of the country's 85 universities during which the students gave the Government nntil Wednesday to lift martial law, the protesters took to the streets in many cities. In Seonl about 10,000 marcbed into the city centre on Wednesday and skirmisbed with police.

About 40,000 students assembled in the capital yesterday in front nf the main railway station. When they attempted to march towards the Government area, their route was hlocked by thonsands of police.

Figbting broke nnt and the police faced a bail of rocks and paint. The students then seized a bus and drove it through the police lines and followed np with attempts to hurst through the cordons. They were driven back but commandeered other buses and set one on fire.

Mr. Shin said last night that the Government was prepared to speed np the drafting of a new constitution to replace the anthoritarian framework devised by President Park. Previously the Government's timetable provided for elections next year and installation of a new President by Angust, 1981.

Zimbabwe minimum wage plan

By Tony Hawkins in Salisbury

THE SALISBURY Government is believed to be considering introducing a minimum wage of Z$70 (£46.80) a month, according tn officials.

This follows a pledge to Parliament by President Canaan Banana on Wednesday that tbe Government would take steps to ensure that even the lnwest grade of worker received a "basic needs" wage.

Three weeks ago, the Government auggested a national minimum wage of Z$80 for the entire economy including agriculture and domestic service. But after further consultations and discussions with the private sector, the revised plan to be considered by the Cabinet is believed to set a much lower minimum of Z$30 a month for agriculture and domestic servants.

It is still not clear how far employers will be allowed to deduct payment in kind from casb wages. At present the cash wage minimnm in agriculture is Z$20, but workers receive payment in kind as well.

The plan if adopted, will take effect on July 1 ,and in mining, commerce and industry, there will be an increase in the minimum wage to Z$85 from January next year.

Mr. James R. Mancham

SETTLEMENT was announced in the High Court yesterday of a libel action brought by Mr. James R. Mancham, former President of the Seychelles, against the Financial Times.

Mr. David Eady for Mr. Mancham told the court that Mr. Mancbam felt that a survey of the Seychelles in the Financial Times on November 11 1978 unfortunately gave tbe impression that he was involved in corrupt practices during the 1974 election in tbe Seychelles, that he spent tbe majority of his time enjoying himself abroad pretending that be was looking for Investment for the islands and that, baving promised elections, he announced that they would be postponed for no better reason than that he bad little chance of winning.

These suggestions were acknowledged to be completely without foundation and Mr. Mancbam accepted the paper's apology together with payment of substantial damages and his costs in settlement.

Saudi revenue likely to exceed £44bn

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SAUDI ARABIA seem assured of revenue of over $100bn £44bn) in the coming year following its latest nil price rise and should generate a fiscal surplus of over $30bn.

The budget for fiscal 1980-81, starting this month, has been set at 245bn Saudi riyals, or $73.57bn. Revenues have been very conservatively estimated at SR265bn ($79.5bn).

However, the new official oil selling price should in itself ensure revenue of $90-$95bn over the next 12 months if output from the kingdnm's main producing fields if maintained at 9.5m harels a day. In addition, it will receive oil revenues from the neutral zone shared witb Kuwait and the sale of natural gas liquids.

The surplus revenne in prospect should raise Saudi Arabia's accumulated reserves, currently believed to be in excess of $80bn, to at least $110-120bn.

No firm decision appears tn have been taken by the Saudi Government on the productioo level in the third quarter. Prince Sultan bin Abdel-Aziz, Minister of Defence, spoke of the kingdom's "irrevocable resolve" to continue at a level of 9.5m b/d and tbe indications are that it will do so.

Further increases in the basic nfficial selling price, raised this week by $2 to $28 per barrel of Arabian Light, are inevitable, regardless of market factors. Saudi crude remains under-priced and the Government is committed to trying to bring about price reunification.

Defence and security receive the largest allocation in the budget fnr 1980-81. The amount appropriated is SR 98.9bn or 18 per cent nf the total.

Altogether 71 per cent nf the total is tu be devoted to development projects with current spending accounting for the balance. Apart from defence and security, the breakdown shows a clear emphasis on education, manpower training, health and social services, and municipal and rural affairs.

A statement issued by the Ministry of Finance and National Economy says that actual Government expenditure in 1979-80 exceeded SR 190bn about 31 per cent up on the previous year.

Renter reports from Tokyo: The $2 a harrel increase in the cost of Saudi crude will boost Japan's oil import hill this year by $87.6m to just over $50bn.

Last year, Japan, which imports virtually all its oil and about 30 per cent of the total from Saudi Arabia, paid an estimated $35bn.

Two Americans held by Libya on spying charge

TWO U.S. citizens bave been arrested in Lihya and have been accused of spying, tbe official Libyan news agency announced yesterday.

The agency said the two had heen arresled in Tripoli by the People's Committee for Justice.

Alitalia, the Italian airline, said in Rome that its manager in Tripoli had also been arrested and charged with military espionage. Rome police said his detention might bave been in retaliation for the arrest of the manager of the Libyan airline in Rome a week ago for alleged complicity in the murder of a Lihyan businessman in the Italian capital.

Three Libyan businessmen bave been killed in Rome this year. Police believe they were victims of gunman sent to ellminate opponents nf Colonel Muammar Gaddafy, the Libyan leader. Hhe has threatened dissident Lihyans abroad with elimination unless they return home.

The arrest of the two Americans in Tripnli comes three days after the expulsion from Libya of about 20 Americans, including nil technicians and teachers at the oil company school. They were accused of spying and having connectinns with terrorist nrganisations.

Four Lihyans at their country's embassy in Washington were ordered to leave last weekend fnr alleged intimidation of Libyan students in the U.S. They were recalled by their Governmant after, at first, refusing to go.

Reuter

EGYPT'S REMODELLED REGIME

Sadat promises prosperity

BY ROGER MATTHEWS IN CAIRO

PRESIDENT ANWAR SADAT of Egypt, yesterday swore in a remodelled Government that is pledged to bring prosperity to the country's 41m people.

The sacking of almost the entire economic team of the past two years and its replacement by Mr. Ahdul Razak Abdul Meguid, the former Planning Minister, as economic supremo has been accompanied by a series of measures designed to check popular discontent over sharply rising prices.

The first details of the new economic policy have emerged in a document attached to a four-hour speech delivered by President Sadat on Wednesday. As interim measures until a new bndget is drawn np in July the Government has announced cuts ln the prices of 77 basic commodities, a 25 per cent Increase in the minimum wage, a 10 per cent bonus for private sector workers and a range of improved social security henefits.

Although some of these measures had been anticipated and might have occurred as a result of a reduction in customs dnties announced last week, there is anxiety among officials that limted progress made in the past 18 months towards checking the growth in the budget deficit may now he lost.

President Sadot bas announced a police blitz on middlemen and others who are responsible for artificially increasing prices. Hnwever, by cutting prices in the public sector where production is already lagging behind demand be could also be increasing the threat of further supply shortages.

In this Mr. Sadat is, to some extent, flying in the face of international advice whtch had been urging the previous Government to allow a controlled rise in puhlic sector prices to make state-run industries more efficient and to reflect world inflationary trends.

With the isolation of Egypt from the rest of the Arab world and near deadlock in the negotiations witb Israel on Palestinian autonomy, Mr. Sadat may feel that whatever the economic cost he cannot risk a reptition of the price riots of January 1977.

Mr. Sadat's extreme sensitivity to criticism was revealed in his preoccupation during Wednesday's speech with religious tensions between the Moslem and Coptic Christian communities.

Some Coptic leaders were distressed by Mr. Sadat's repeated assertion that he was the Moslem leader of an Islamic nation. Despite promises that he would crack down on fear that far from easing Moslem fanatics the Coptics tensions the President may have increased them.

Earlier this year there were clashes in two Egyptian towns between Coptics and Moslems and, in protest, senior Coptic clergy refused to celebrate normal Easter services.

But Mr. Sadat was most incensed by pamphlets that were distributed just before his recent visit to the United States asking World Church leaders to intercede on behalf of the Coptics. Mr. Sadat described this as a conspiracy.

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Tuesday's referendum will end neither separatism nor Canada writes **W L. Luetkens** in Montreal

Quebec approaches the day of indecision

THE LIGHTS are dim in the body of a hall within sight of the Montreal Olympic Stadium. A singer in jeans, picked out by coloured spot lights, is being noisily amplified by two batteries of loudspeakers. The audience of 7,000 to 8,000 clap in time to the rock beat, waving blue and white Quebec flags.

They cheer all and everything—local politicians, a clown, a dreadful hand of uniformed girls, the radiantly statuesque sppaarance of Miss Lise Payette, Quebec's Minister for Womeo's Rights.

If noise alone could divide a country, there would be no need for next Tuesday's referendum in the French-speaking province of Canada: Quebec would be shaken from its Canadian moorings by the din in the ball.

But the ball is filled hy the converted: largely young people, in the most informal clothes, wbo bave come for the fun but also hecause they want a form of sovereignty, probably even outright independence, for Quebec as a French state in North America. But, poll after poll has shown that only one Quebecois in five wants independence.

Anyway, independence is not on the ballot. The referendum question, carefully hedged ahout, is whether the Parti Quebecoia Government of Mr. Rene Levesque sball have autbority to try to negotiate sovereignty for Quebec — defined as the exclusive right to pass laws and levy taxes—in a full economic union with Canada. The result would have to be submitted to another referendum, and Mr. Levesque bas said very firmly that be would not go for sovereignty unless he got economic union.

His opponents, who call for a no vote on Tuesday, know that many Quehecois want greater powers and a more defined identity for their province. But they say Mr. Levesque's sovereignty-association is the thin edge of a wedge intended to split off Quehec altogether. They play npon fears that Quebec would be left out in the cold without oll from Alberta and without the transfers It receives from the Canadian budget. The audience in the ball are not impressed: they laugb their beads off when the clown feigns his fright at such a prospect.

But the people of Quebec at large probahly feel differently—not least because one in five inhabitaots is not of Frencb origin, and will almost certainly vote no. Polls at one time put the *oui* cause ahead, bnt now bave the *nons* marginally in the lead.

Why the shift? Partly because it took time for the *nons* to rally, whereas Mr. Levesque's Government has heen working up to May 20 aince being swept into power in November 1976 by a 41 perc ent minority of the electorate, under an English-style winner-take-all system.

Mr. Claude Ryan... finding a response

QUEBEC REFERENDUM

Mr. Rene Levesque... the thin end of the wedge

More important, the champion of the federalist cause, Mr. Claude Ryan, leader of the Quebec Liberals and an intelelctual with the features of a hird of prey, played his part by mapping out proposals for more devolution within Canada to the profit of all the provinces. Moreover, be seems to have found a response among all those wbo dislike the hairy young men of the *oui* rally and, more seriously, feel tbat the precipitate advance of Quebec in the last generation from bureaucratic-clerical domination to being a modern open society sbould not be jeopardised by going too far end too fast.

Miss Payette nnwittingly helped Mr. Ryan when sbe scoffed that women voting no would be nothing more than a lot of "Yvettes"—Quebecois for a housewife with no mind of ber own. Promptly, an Yvettes movement was born. Some 14,000 women paid for the privilege of attending a gathering in Montreal to demonstrate their belief in Canada.

Polls exist sbowing that about balf the French-speaking Quebec males favoured a *oui*, wbereas only a third of the women did so.

Whether Miss Payette is to blame is another matter. The helievers at the "yes" rally in Montreal happily waved placards under her nose inscribed with the pun *quirette*.

Twenty-four hours later, in the same hall, Mr. Ryan's turn, with Mr. Pierre Elliott Trudean, the Prime Minister, as star turn. The audience looked a good deal more representative of Montreal life, although with a greater-than-average sprinkling of the elegantly high and well heeled.

Mr. Trudeau delivered a speech of fine controlled passion. Mr. Levesque, he said, had suggested that bis middle oame was not really Quebecois at all. It was bis mother's name, Mr. Trudean exclaimed. The Elliotts bad settled in Quebec 200 years ago: the name was of Quebec, it was Canadian.

It was a speech describiog Mr. Trudeau's visioo of a Canada where people of many origins could live together in tolarance. Mr. Ryan rammed bome the point by making his speech in French, English and Italian. Canada seemed to bave rejected Mr. Trudeau's vision wben it voted blm out of office a year ago. But things may be less simple: be was voted back in February, and Quebec backed him to the hilt on both occasions.

In Montreal on Wednesday night, as on previous occasions, Mr. Trudean said be would refuse to discuss sovereignty-association wlth Mr. Levesque, bnt that if there is an "non" on Tuesday, be would at once begin work for a revival of the existing Canadian federalism.

What will really bappen? If the vote is "no," Mr. Levesque will find lt bard to cootrol bis Left wing and the convineed secessionists. Bitter disputes within bis party would be inevitable: some extremists might take to the streets.

If "yes" wins, strains within the Canadian confederation Some Westerners would want to see Quebec go its own way.

It is an additional complication that tha Parti quebecois term ends next year. A won referendum and a lost election—a combination on the cards—would be a hollow triumpb for Mr. Levesque and bis cause.

At one of Mr. Trudeau's oldest political associates, Mr. Gerard Pelletier, bas said, a "yes" on Tuesday would not he the end of Canada, aod a "no" would not be the end of the Quebec problem.

Carter calls for national support on oil import fee

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER yesterday pleaded for national support to overcome mounting Congressional opposition to his planned $4.62 a barrel fe n imported oil.

Mr. Carter said that if the fee, which has also been successfully challenged in the cuurts so far, were not imposed, it would be taken by the rest of the world as a signal that the U.S. was frivolous about fighting inflation or curbing oil imports.

But Administration officials no wdoubt they can successfully pursue the idea of the fee being passed on in the form of a 10 cents a gallon petrol tax increase.

So far this week, a lower court judge has slapped down the petrol tax aspect of the plan (thus preventing the import fce petrol tax rise coming into effect yesterday), and on Capitol Hill, House and Senate committees voted down the fee hy sizeable majorities. By the Administration's own admission the tax nicreases will add a half percentage point to the 1980 inflation rate. The Government has already appealed against the lower court ruling.

Mr. William Miller, the Treasury Secretary, however, told Congress this week that inflationary pressures would he greater without the fee—the lugic here being that, without reductions in U.S. consumption, American demand would allow members of the Organisation of Petrolrum Exporting Countries (OPEC) to go on raising prices in a tight market. That would push up U.S. inflation and the country's payments deficit.

The timing of Saudi Arabia's announcement of $2 a barrel price increase this week has been seized on by the Carter Administration to reinforce argument for the import fee.

The price rise pointed up the need to cut imports, officials said, but inconveniently for the Administration, some Congressmen draw the opposite conclusion: that imposition of an import fee would show OPEC the U.S. is ready to pay any ransom for its oil.

Mr. Carter van veto a resolution of Congress blocking the import fee, but that veto can in turn be over-ridden by two-thirds of each House and, in the opinion nf expert nose counters like Mr. Tip O'Neill, Speaker of the House, there may be that many Senators and Congressmen disinclined to take political risks in an election year.

Solomon urges tax rise

BY STEWART FLEMING IN NEW YORK

MR. ANTHONY SOLOMON, the newly-appointed president of the New York Federal Reserve Baok, has called for further "substantial excise taxes" on petrol to curb U.S. oil consumption.

In his first major speech since succeeding Mr. Paul Volcker, now the Federal Reserve chairman, as president of the New York Fed, Mr. Solumon presented a gloomy outlook for the world economy and financial markets.

A central theme of his remarks was that the problems were in part "the consequences of oil price and supply instabilities are not going to go away and may grow still worse during the next five years."

In a tough statement of what he believes should be the thrust of U.S. policy tnwards the oil producing countries, Mr. Solomon said: "Our objectives should be to take nut of OPEC's hands the ability to force real oil prices higher, to unlock OPEC restraints on oil production and to retain in our country the money that would otherwise be paid as a tax to OPEC members in the form of higher oil prices."

To this end he put forward the vie wthat some form of costs should be undertaken, for example by sharply increasing U.S. taxes on oil and using the proceeds to support energy development at bome and to remove deeply-rooted inflationary blases from the economy.

Peruvian poll on Sunday

BY DOREEN GILLESPIE IN LIMA

NOISY POLITICAL rallies which have filled Lima's main plazas every night for the past week come to an end today two days before some 6.5m Peruvians go to the polls to elect a President and Congress on Sunday.

Peru's first Presidential elections since 1963 end 12 years of military rule which have veered from a nationalistic Left-wing Government in its early days to middle-of-the-road over the past five years.

The new civilian Government, scheduled to be installed on July 28, will find the Government's finances recorded and the books balanced in a complete turnaround from the country's shaky position of less than two years ago. But unemployment is heavy and high inflation bas only been kept in check by beavy subsidies.

There are 15 candidates for President, many of whom should become members of Congress and the Presidential race has narrowed to three men.

Vying practically neck and neck for the lead, according to latest opinion polls, are former President Fernando Belaunde who was ousted by the military government in 1968, and the aggressive leader of the Apra Party, Sr. Armando Villanueva.

Close behind them is the former mayor of Lima, Sr Luis Bedoya, leader of the popular Christian Party. Polls show Sr. Bedoya gaining popularity is Lima, mainly from the weather, but hoth Sr. Belaunde and Sr. Villanueva have greater strength in the provinces.

Cuba silent on refugees

WASHINGTON—The U.S. is in tonch with Cuba over President Jimmy Carter's proposal for an orderly exodus of Cuban refugees, hut so far Havana has not said it will agree to the plan, a White House official said yesterday.

Mr. Carter announced on Wednesday that be was halting the illegal and bazardous sea-lift of refugees aboard a fleet of small hoats that bas carried more than 40,000 Cubans to Florida.

Instead be called for an organised and bumane ferrying of people from Cuba by air and sea, giving priority to political prisoners, relatives of Cuban-Americans, and people still in the Peruvian Embassy and the U.S. diplomatic mission in Havana.

The U.S. would no longer allow itself to be used as a "dumping ground" for Cuban criminals and mental patients, the President said.

Agencies

Tokyo concedes on car demands but resists change on contracts

BY RICHARD C. HANSON IN TOKYO

U.S. TRADE officials said yesterday "significant progress" had hen made on settling motor car and parts trade problems with Japan. Four dayso f talks, however, failed to resolve a disputs over opening Japan's telephone and telegraph monopoly to foreign suppliers.

Mr. Reuhin Askew, the U.S. Special Trade Representative, said the lack of agreement on freeing Nippon Telegraph and Telephone (NTT) to hny from U.S. companies is now the "single most important trade issue between our two countries."

If agreement is not reached by the start of next year, Japanese companies, under U.S. law, will he cut off from access to U.S. Government procurement contracts, be warned. U.S. law on trade reciprocity states that there should be a balance between countries on the opportunities for procuring government contracts.

Mr. Askew estimated that the value of U.S. contracts on which Japanase companies can theoretically bid amounts to abon t $16bn while Japanese Government procurement contracts open to foreigners are less than half that amount.

The Japanese side promised to continue discussions on the NTT issue. The problem for Japan is complicated hy the fact that NTT relies on a tight-knit group of influential telecommunications equipment suppliers. NTT has so far refused to agree to liberalise its technical or other standards to make feasible foreign hids for equipment supplies.

U.S. officials appeared satisfied by the Japanese Government's "package" aimed at increasing the import of U.S. motor prodncts. These, as expected, include a decision to seek elimination "in principle" of tariffs by April, 1981, on a number of car parts, changes in import standards, and procedures to facilitate more imports, and the despatch of trade missions to the U.S. to buy parts and study investment in American component plants.

These measures should also benefit European motor manufacturers, who so far have been far more successful in selling to Japan than the Americans. The volume of sales remains minnscule, however.

The U.S. Government is still pushing for comitments from the hig Japanese motor companies to manufacture passenger cars in the U.S.

Honda Motor has already decided to produce cars there and Nissan is planning a small-truck producing plant. Bnt neither Nissan nor Toyota Motor, the largest Japanese car maker, are prepared to plunge into car production.

The Japanese argue that the scale of their sales in the U.S. market (which in most cases average around 10,000 units per month of a single model) is not yet large enough to sustain commercial production.

Toyota, which has commissioned three feasibility studies on the U.S. market on top of its research to date, is like Nissan, likely to aim initially at small truck manufacturing. It already has a plant to produce truck backs for assembly with imported truck cabs and chassis.

The U.S. Government has hacked away from the alternative of restricting (voluntarily or otherwise) the import of Japanese cars, mainly for reasons of "national interest." Mr. Askew estimated that restricting Japanese imports this year (to the 1979 level) would cost the U.S. consumer about $2bn hecause of increased prica tags.

Higher-priced small cars would also tend to boost sales of hig (gas-guzzling) American-built cars.

Within two years, the big Detroit manufacturers will he presenting more efficient cars. In the meantime, the U.S. Government is seeking to hold down the protectionist sentiment growing in the U.S. industry.

Both sides are hoping this week's "progress" on overall car trade will reduce the pressure for protectionist steps.

Alfa deal with Nissan approved by IRI

By Rupert Cornwell in Rome

IRI (Istituto per la Ricostruzione Industriale), the giant Italian state conglomerate, has given its formal, if implicit, approval for the proposed controversial joint venture between its subsidiary Alfa Romeo and the Japanese car group, Nissan.

Approval came with the hacking by the IRI Board of a 10-year plan aimed at securing the financial recovery of the loss-making Italian car manufacturer. Although the deal with Nissan was not mentioned specifically, the holding company endorsed Alfa's intention to launch a joint venture with an unspecified foreign partner.

The Nissan/Alfa agreement, oow awaiting final ratification from the Italian Government, calls for the construction of a new plant near Naples to huild 60,000 small and medium-sized cars a year. They would ha hased on the Nissan Cherry model, hut would contain 80 per cent of Italian parts, inclnding the engines.

However, Indnstry Minister, Sig. Antonio Bisaglia, in a grim report to a parliamentary committee on the troohled state of the country's motor industry, made clear that a final government decision is still some way off.

He emphasised that the difficulties faced by Italian manufacturers, notahly Fiat which has announced plans to lay off 78,000 workers for a total of a week over the next two months, meant that even greater care had to be taken over the Alfa/Nissan proposals.

UK to urge EEC curbs if Brazil fails to lower tariffs

BY HUGH O'SHAUGHNESSY

BRITAIN WILL press for quick action within the EEC to limit imports from Brazil if the Government in Brasilia does not take rapid measures to liberalise its import policies.

This was stated in London yesterday by Mr. John Nott, Secretary of State for Trade, who has just returned from a visit to Brazil. "We are not satisfied with our inability to surmount high tariffs," he commented.

Mr. Nott said that Britain would be seeking action to limit access to the EEC market through the (GSP) Generalised System of Preferences for the imports of developing conntries whose future is currently being discussed in Brussels.

The Minister hinted that Britain would demand action within months. "I found that there was less awareness in Brazil of the head of steam building up here about the protectionism in the newl yindustrialised countries than there was in South Korea which I visited recently," he commented.

He distributed a speech he had delivered to the British Chamher of Commerce in Sao Paulo, on May 8, in which he said: 'If we are to continue to take Brazilian shoes and textiles, for instance—then you must take ours. The worker who is made redundant finds it hard to understand the need for imports from elsewhere in the best of times—but to do so when the exports of his own firm are blocked leads him to understandably reject the whole open trading system," he said.

At the same time he welcomed the limited moves taken by Brazil in December to liheralise exports. He did not, however, comment on more recent moves to make foreign exchange dearer for Brazilian importers.

Mr. Nott forecast that Brazil would still he able to borrow widely on the international capital markets to meet its halance of payments difficulties, but added that the spread and maturities for loans could become less favourable to Brazil.

While adopting a tough position about Brazilian protectionism, Mr. Nott pointed to major areas of potential growth for British exports, including steel, transport and military equipment and, in particular, coal-extraction machinery. He had clearly heen pushing the HS-146 as a replacement for the aircraft now used on the various Brazilian shuttle services.

Curbs seen on Comecon motors

BY ELAINE WILLIAMS

West European manufacturers are likely to seek stronger curba on imports of electric motors from East European countries if current EEC Commission measures do not quickly halt widescale dumping.

Electric motor makers are disappointed by the Commission's action in February of asking for voluntary price increases on imported motors. They are investigating imports to see if the East European countries have kept their promise to raise prices.

Apart from the Soviet Union, which was singled out for a special tariff, Bulgaria, Hungary, Czechoslovakia, East Germany, Romania and Poland all agreed to increase their prices hetween 30 and 50 per cent.

The motors cover the 1 to 100 hp (0.75 to 75 kilowatt) range and are used widely in industry as parts of machine tools, heating and ventilating equipment and pumps.

European manufacturers are worried that the full price increase of such motors will not be passed on to the customer. They fear that importers will accept lower profit margins by offering bigger discounts.

Factories in Europe are already running at ahout 70 per cent capacity hecause of a recession in manufacturing industry. This was exacerhated by low-priced imports which led to an EEC inquiry.

Last year import penetration hy Comecon-produced goods countries reached as high as 50 per cent in The Netherlands, 27 per cent in Belgium and 25 per cent io Italy.

In 1978, for example, East European imports accountad for about 28 per cent of the EEC market, worth ahout $30m. The Commission's action to curb these imports followed complaints by EEC countries that import volumes had risen from 462,000 units in the whole of 1975 to 469,000 in the first half of 1979.

The UK, by comparison, has been little affected by cheap motor imports. Last year imports to the UK were 14 per cent compared with a peak of 24.5 per cent in 1974.

Third World resists U.S. call to end subsidies

BY BRIJ KHINDARIA IN GENEVA

THE U.S. has run into a sharp protast from developing countries in talks here on application of the most important agreement in the Tokyo Round trade package aimed at reducing the use of export and domestic subsidies.

Several Third World delegates told the U.S. that their countries might boycott not only the agreement on subsidies but the entire Tokyo Round package if the U.S. does not honour a pledge to give developing countries preferential treatment without first seeking reciprocal concessions.

They argue that the U.S. should not force them to end subsidies as a condition for access to U.S. markets without the imposition of punitive countervailing import duties.

Without Third World support the General Agreement on Tariffs and Trade which sponsored the Tokyo Ronnd package would he "dismembered," developing country diplomats warned the U.S. here last week.

The agreement on subsidies and countervailing duties was a major U.S. demand in the Tokyo Ronnd negotiations. Its main thrust is towards ensuring that the Common Market does not use domestic and export subsidies in waya such as seriously to harm domestic market shares of local U.S. companies.

But an important provision asks developing countries to make a "commitment" to phase out subsidies given to successful export industries if they wish to benefit from another clause which prohibits an importing nation from applying countervailing duties without first proving "material injury" to domestic industry.

● The European Free Trade Association (EFTA) said it will reduce tariff duties on Spanish imports from July under an agreement aimed at gradually abolishing all obstacles to commerce with Madrid, Reuter reports from Geneva.

Strong expansion in UK exports to Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM

BRITISH EXPORTS to The Netherlands expanded strongly in the first quarter of 1980, taking tha UK into a small surplus for the first time in several years. British dairy and chemical exports rose strongly though Dutch exports of transport equipment slightly exceeded imports.

British exports rose 48 per cent over the same period in 1979 to £920.2m FOB while Dutch exports were only 19 per cent higher at £917.7m CIF, according to figures released hy the British Emhassy in The Hague. British trade showed a surplus of £2.5m compared with a deficit of £147.2m last year.

Developments in the first three months continued the trend of the final quarter of last year, although in 1979 as a whole the British deficit was 43 per cent higher at £383.7m.

The Netherlands exported £127.5m of foodstuffs, excluding dairying products, ot Britain—nearly douhle the British exports of £65.4m. Britain exported more than three times as much dairy produce, however. £42.1m compared with Dutch exports of £12.47m.

Dutch oil and oil products worth £239.7m went to the UK compared with British exports of £215.3m. The usual pattern of chemical trade was reversed, with Britain exporting products worth £189.2m compared with Dutch sales of £151.4m.

Dutch exports of £43.6m worth of transport equipment exceeded British exports of £40.70m. British machinery exports were worth £136.4m compared with imports of £111.9m.

Hypo Bank

BAYERISCHE Hypotheken-und Wechsel-Bank (Hypo Bank), told shareholders at the annual meeting that 1980 earnings have not so far heen satisfactory. Hypo "would have to make special efforts"

Textile talks fail

WASHINGTON — The U.S. and China have ended negotiations without reaching any agreement on limiting China's exports of textiles aod apparel to the U.S. through a hilateral trade arrangement. Mr. Relter Wehb, the chief U.S. textile trade negotiator, said the U.S. had offered to allow substantial increases in imports of Chinese textile prodncts, hnt there were insuperahle difficolties in negotiations (AP).

French win Mozambique power contract

PARIS — CGEE Alsthom, a unit of the Alsthom-Atlantique electrical engineering group, has heen selected to he the main contractor for the first stage of the Mozambique national power company's high-voltage electrification project, in association with Italian interests.

The contract will involve the supply of equipment worth a total of FFr 430m (£45m) of which about a half will come from France.

A power gril with 1.500 miles of 110 and 220-kilovolt power lines, and numerous switching stations is to he set up.

The Italian firm SAE will supply the overhead lines for the first stage of the project and the French company Cogelex the switching stations.

The French side of the contract will be financed hy part of a FFr 600m credit line opened hy France earlier this year.

● Technip S.A., a French engineering concern, has been awarded a FFr 100m contract to build a hottling plant in Tanzania.

The order was placed by the state-owned Tanzania Saruji Corporation. The plant, with an annual capacity of 20,000 tons, will he huilt at Mwanza. (AP)

UK NEWS

Comet's cut-price challenge to television rental giants

NEWS ANALYSIS ● David Churchill, Consumer Affairs Correspondent, assesses a new challenge to tha television rental industry.

THE COMET discount stores chain has launched a major attempt to break into the fiercely competitive television rental industry. Comet has introduced television rental facilities in all its 150 stores throughout tha UK at prices below those of tha leading rental companies.

Comet's move, aimed at taking up to 10 per cent of the rental market, is a further escalation of the fierce competition in televisioo rental at a time wben the overall market is showing little growth.

In fact the overall rental market—which accounts for about 66 per cent of all households with televisions—has shown a slight decline over the past two years. And trade estimates suggest that the rental market will be only 52 per cent by 1984.

This decline bas been mainly due to the fact that the penetration of bouseholds with colour television sets has almost reached saturation. About three-qnarters of all bonseholds now own or rent a colour television set, and industry estimates that the total colour market will not exceed 80 per cent.

The rental industry is also baving to come to terms with the proposed tax changes, announced by the Chancellor in the Budget, which will reduce the capital allowances available to television rental companies.

As Mr Eric Starkey, marketing director of Radio Rentals, pointed out at the recent Radio, Electrical and Television Retailers' Association conference: "It is evident that the market television rental has reached a plateau."

The Comet discount stores chain, which has established itself as a major force in electrical appliance retailing, believes that a combination of its aggressive marketing techniques and cut-prices can build a profitable market share in spite of the limited long-term growth prospects.

About 60 per cent of the rental market is accounted for by some five companies. Thorn Television Rentals has nearly 30 per cent of the market through its Radio Rentals, D.E.R. and Multibroadcast operating subsidiaries. Granada is the second largest operator, followed by Electronic Rentals, Rediffusion, and Telefusion.

Comet, however, hopes to join this select band of major rental companies through making inroads into the 40 per cent of tha market accounted for by small specialist rental companies which operate on e regional basis. It will offer a 22-inch television—the most popular size with consumers—at £8.40 a month, well below the rentals charged by the major companies.

Mr Starkey, bowever, i s sceptical abont cut-prices. "I am becoming concerned for the profitability of some rental transactions I see advertised at rentals up to £2 below the rental majors,' he says. "The majors have been in business long eoough to know about such big mistakes because they bave made some of them themselves."

"And," he points out, "tha major companies have bought up those busineses that bave made more mistakes than they have."

With the pressure on sales of television sets and other consumer durables as a result of the slide into economic recession, Comet believes that a move into television reotal can be a useful cash flow and profits generator. It already has the sbowrooms and has 1,000 service engineers.

For similar reasons, the Currys electrical retail chain has also moved into television rental.

Although the rental trade believes that both the Comet and simply that we as an industry are not doing enougb about promoting rental as a concept. We have been too busy with administration and not sufficiently sales orientated."

Currys rental operations will secure a corner of the market througb discounting, there is scepticism about the long-term prospects. "The market in television rental alone will not grow from now on at a pace which will provide growing profits," says Mr Starkey.

The economics of television rental mean that the rental rates have to cover not only the cost of the set, plus the cost of servicing it (maintenance costs are rising by 20 per cent at present over a number of years, but also allow for a level of depreciation higb enough to replace the asset when the time comes.

Tootal to phase out bookcloth manufacture

THE Tootal group is to phase ont the manufacture of book covering meterials, including PVC, at its Winterbottom Products plant in Salford, Manchester, because of a "progressive and accelerating decline in the demand for bookcloth."

The plant will concentrate on Imperial reprographic prodncts.

The decision will mean the loss of about 150 jobs out of 226. The board has started consultations with trales nnions.

Heart hospital help

PRIVATE PATIENTS PLAN, the second higgest medical insurance organisation in the UK, is to give equipment costing about £25,000 for the heart transplant programme at Papworth Hospital, Cambridge, and is prepared to make a similar gift to Harefield Hospital.

Brewers' opposition

THE BREWERS Society and the Tobacco Advisory Council drew up objections to the proposal to remove alcohol and tobacco from the retail price index, to be made in an adjournment debate in the Commons today.

Rates on empty business properties to be cut

BY ROBIN PAULEY

THE maximum rate chargeable by local euthorities on empty commercial properties is to be reduced, so easing problems faced by small businesses.

Mr. Tom King, the Local Government Planning and Land Bill to reduce the maximum ellowed level of rates on empty commercial and industrial property from 100 per cent of the ordinary ocupied rates to 50 per cent.

Rating of empty property is discretionary. The 198 authorities which chose to do in 1979-80 it raised about £55m.

There ia an additional mandatory penal surcharge on empty commercial property which will be abolished. "It costs more to administer than it produces in revenue because of the many exemptions," Mr. King said.

Local authorities are also required to grant an initiel free period of three months wben a property hecomes empty, but an amendment will allow the Government to vary that period. The maximum rate chargeable will also be variehle, depending on the type of property and its location. This will provide a means of giving extra help in depressed areas.

Mr. King said a review of the current rules showed thet the levying of tbe empty property rate at high levels:

● Had little effect in encouraging owners to sell or let empty property;

● Discouraged and prevented rationalisation and useful modification of Industrial properties;

● Imposed severe burdens on small businesses with cash-flow problems.

In extreme ceses it had also caused owners to demolish or damage their property rather continue paying higb rates on empty property.

London Chamber of Commerce and Industry said it welcomed the moves, particularly the removal of hte "Inireduction of the maximom rate was too little.

The whole question of rating empty property was hased on a "Centre Point fallacy" that owners daliberately left property empty, it sald. Property was often left empty because of delays by local authorities in granting planning permission.

● The Government is to allow elderly people in difficulty with rdate arrears to make arrangements with local authorities to pay their accruing rate bills from the subsequent sale of their home, which might be thir only asset.

The Government also intends to enable wom[illegible] separated from tbeir husban[illegible] but remaining in the former matrimonial home to apply for a rate rebate. At the moment they are not entitled to a rate rebate eveo if the family had previously received one.

Holiday projects grants awarded

GRANTS TOTALLING £277,727 for educational and recreational schemes mainly for children and young people during the summer holidays have been ennounced by the Environment Department. The money will go to finance schemes in urban areas with e high level of social need.

This summer, 237 holiday projects put forward by 99 local authorities, costing about £370,302, have been approved under the Goverament'e Urban Programme. The Government will meet 75 per cent of their cost; the balance will be met by the local authorities concerned.

Impressionists hold top prices

SALEROOM

BY PAMELA JUDGE

THE high-rolling week in New York for collecting Impressionists and modern paintings and sculpture continued on Wednesday night, when Sotheby Parke Bernet sold all bnt 18 lots for a total of £3.2m.

"Argenteuil: flowers by the river bank," hy Monet, made the bighest price at £248,908. A world record of £174,672 was given for a Miro. A Picasso entitled "Seated woman" fetched £128,821.

"Cbrysantbemums" by Chagall went for £78,603; women and children in a landscape by Pierre-Auguste Renoir £76,419; and a sunset meadow scene at Eragay by Pissarro £74,236.

Christie's New York sale made £459,698. "Solitude," a drawing by de Chirico, went for £72,052 and watercolours by Klee for £48,034 and £34,934, to Japanese and Geneva dealers.

In Geneva the aame night Christie's completed its sale of objects of vertu with a world record price of £125,654 for a Russian gold box. Attributed to Jeremie Pauzie of St. Petersburg, the 1761 snuff box presented by the Empress Elizabeth to Count Nikolaus Esterbazy. Over three sessions the sale made £690,666.

Clocks and watches brought £328,432, a Swiss dealer giving £22,135 for a 17th-century German mystery clock signed Jo. Meiss (circa 1650).

In London yesterday Sotheby's sold English and foreign silver and plate for £62,995. A Victorian centrepiece went to an Australian buyer for £3,600. W. Kaye paid £2,300 for a George 1 tapering cylindrical coffee pot.

Sterling M3 growth within target

BY DAVID MARSH

STERLING M3, the broadly-defined money supply, rose a seasonally-adjusted £180m, or 0.3 per cent, in the four weeks to mid-April.

This brought its annual rate of growth in the 10 months since mid-June down to 10 per cent, within the Government's target range of 7 to 11 per cent.

The annoal increase in the nine months to mid-March was 10.7 per cent. Over the last six months the annualised rate of growth bas been only 6½ per cent.

The narrowly-defined money supply, M1, fell £100m, or 0.4 per ceot, after seasonal adjustment mainly because of a fall of £270m in non-interest-hearing deposits.

Bank of England figures yesterday showed that sterling lending to the private sector rose sharply, to £1.55bn, in April from £439m in March.

The expansionary infinence of bank leoding was offset by a large surplus in the public sector and sizeable sales of Government debt to the non-bank private sector. As a result domestic credit expansion dropped slightly from March, to £671m.

External and foreign currency finance again had a negative impact on domestic credit expansion, implying a further outflow of sterling

GROWTH OF MONETARY AGGREGATES (£m)

	MONEY STOCK M1 Unadjusted	MONEY STOCK M1 Seasonally adjusted	%	MONEY STOCK STERLING M3 Unadjusted	MONEY STOCK STERLING M3 Seasonally adjusted	%	BANK LENDING* Unadjusted	BANK LENDING* Seasonally adjusted	DOMESTIC CREDIT EXPANSION Unadjusted	DOMESTIC CREDIT EXPANSION Seasonally adjusted
1979										
April 18	+1,515	+772	+3.0	+1,608	+1,015	+2.0	+ 543	+ 660	+1,754	+1,211
May 16	− 186	+ 79	+0.3	+ 420	+ 784	+1.5	+ 607	+ 629	+ 505	+ 897
June 20	− 404	−293	−1.1	+ 609	+ 461	+0.9	+1,099	+ 840	+1,150	+ 550
July 18	+ 772	+596	+2.2	+ 777	+ 449	+0.9	+1,132	+ 475	+ 968	+ 512
August 15	− 13	+133	+0.5	+ 282	+ 751	+1.4	+ 145	+ 678	+ 815	+1,201
September 19	+ 34	+180	+0.7	+ 316	+ 363	+0.7	+ 112	+ 472	+ 763	+1,005
October 17	+1,107	+814	+3.0	+1,209	+1,004	+1.9	+1,348	+1,183	+1,774	+1,657
November 21	− 776	−419	−1.5	+ 206	+ 547	+1.0	+ 713	+ 698	+ 868	+1,211
December 12	+ 607	− 98	−0.4	+ 453	+ 42	+0.1	− 454	+ 185	+ 419	+ 96
1980										
January 16	− 783	+ 49	+0.2	+ 206	+ 492	+0.9	+2,067	+1,371	+ 467	+ 738
February 20	− 836	−410	−1.5	− 156	− 274	+0.5	+ 568	+ 501	− 300	+ 271
March 19	+ 494	+303	+1.1	+ 14	+ 252	+0.4	+ 8	+ 439	+ 239	+ 709
April 16	+ 739	−104	−0.4	+1,001	+ 176	+0.3	+1,477	+1,546	+1,552	+ 671

* To private sector in sterling including Bank of England issue department holdings of commercial bills.

Source: Bank of England

JOHN ELLIOTT CONSIDERS THE CHOICES FOR THE CBI

Hunt for Methven successor

THE HUNT for a director-general of the Confederation of British Industry to succeed the late Sir John Methven is about to start. Spencer Stuart, the company of head hunters which helped find Sir John in 1976, is expected to be appointed to conduct the search, and advertisements will be placed in newspapers and magazines soon.

A salary of £35,000 to £45,000 a year is likely to be offered. A higher figure might be agreed but it is unlikely there would be support from all CBI members, especially small businessmen, for anything much above £70,000.

A draft specification is to be discussed by CBI leaders with the head buntera soon.

It envisages the ideal candidate aa being a proven businessman of 45 to 50, with direct experience of working in industry and of dealing with Government, trade unions and the Press.

He wonld be someone who, after holding the CBI job for about five years, could become the chairman of a major private sector company — the career development Sir John was planning when he died last month at the age of 54.

The final specification is unlikely to envisage finding someone identical to Sir John. It would he difficult to match his single-mindedness, energy, drive and determination.

No front runners have emerged, although some names are being discussed informally. It is expected there will he two candidates from CBI head office.

They are Mr. Brian Rigby, 47, a director of Laporte until he joined the CBI as a deputy director-general in 1978, and Mr. Richard Dixon, 45, a former television reporter who is social affairs director and was one of Sir John's closest advisers.

There have been suggestions that one or two businessmen who bave been regional CBI chairmen might put their names forward. Mr. Alan Devereux, the former Scottish chairman, is thought to be one possibility.

Directors-general of trade federations have also been mentioned, including Mr. Ken Cooper. He was a civil servant nntil he joined the National Federation of Building Trades Employers last year.

None of these is likely to be an early favourite because wider industrial experience is sought. Chairmen and chief executives of the largest companies, such as Sir Alex Jarratt of Reed International and Sir Michael Edwardes of BL, are generally discounted becanse they are considered too senior.

Such an appointment could pose problems for a CBI president and his president's committee which is filled with people of similar rang and stature.

Ideally, the candidate will be one rung down the industrial hierarchy for example, a deputy chairman of a major company or a chief executive of one slightly smaller. The problem is to find someone of this rank with the necessary experience.

Sir Derek Rayner, joint managing director of Marks and Spencer, who is helping the Prime Minister to prune the Civil Service and who has had earlier experience of Whitehall and of dealings with the Press, has been mentioned as an example.

Sir Raymond Pennock, who becomes CBI president on Wednesday, will make the final choice after taking advice from an inner group of industrialists who have helped run the CBI during recent year. They inclnde Sir John Greenborough, the retiring president, Sir John Partridge, Lord Watkinson and Lord Plowden.

Tha CBI's annual dinner and annual general meeting oext week, as well as the monthly council meeting on Wednesday, will provide occasions for possible candidates to he discussed

The CBI hopes to make an appointment quickly enough for the new director-general to appear at its annual conference in November.

Granada appeal on steel leak delayed

By Raymond Hughes, Law Courts Correspondent

THE British Steel Corporation's legal efforts to discover leaked its confidential docnments to Granada Television are being delayed by pressure of business in the House of Lords judicial committee.

The Law Lords will not have time before the next law term beginning on June 3 to hear Granada'a petition for leave tto appeal against the order that it must name the Corporation employee who gave it the documents.

Four judges have so far ruled that Granada must name its source. The original ruling by the Vice-Chancellor, Sir Robert Megarry, that Granada had no legal right to protect its informant was npheld by Lord Denning and two other Appeal Court judges earlier this month.

In a ruling widely criticised in the Press, the Appeal Court said that Granada had bebaved irresponsibily and so forfeited the right to maintain tbe confidentiality of its source.

The documents, believed to have been leaked by a senior BSC employee, formed the basis of a World In Action programme that was highly critical of the corporation's management.

The Appeal Court granted Granada a seven-day stay of the disclosure order on condition that the company immediately petitioned the House of Lords for leave to appeal.

Granada's petition was lodged last week, so, in spite of delay before it can he heard, the stay will remain in force nntil the Law Lords reach a decision.

Britons expected to spend £1.2bn on package holidays by air

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SPENDING BY Britons on foreign package holidays by air is expected to he £1.2bn this year, compared with £813m last year, and £574m in 1978.

The Civil Aviation Authority bas allowed Britain's air travel organisers to offer more than 6.1m air holidays, compared with 5.3m last year and 4.17m in 1978.

The £1.2bn represents the spending by the 6.1m on the hasic cost — air fares, hotels and ancillary items, such as bus travel to and from airports.

It does not include spending on holiday, on such items as food, drink, car hire, taxis, touvenirs or entertainment.

Total spending is expected to be substantially greater, according to some estimates at least twice £1.2bn.

The biggest air holiday operator is Thomson Travel, part of the Thomson Travel group wbich includes Britannia Airways, with 796,063 passengers, against 734,000 last year.

Second is British Airways, whose Silver Wing Surface Arrangements subsidiary (Sovereign and Enterprise Holidays) expects to carry about 458,962 passengers, against 360,552 last year.

Horizon Midland expects to carry 351,000 passengers, against 304,000 last year, and Cosmos Air Holidays expects 339,000 passengers, against 342,000.

Together tbey account for nearly 2m aeats, or abont one-third of the market.

Thirty travel organisers have been granted rights for package holidays overseas this year.

Cosmos Tours' programme may intensify long-haul price war

BY ARTHUR SANDLES

THE LONG-HAUL package tour price-war is likely to intensify because Cosmoa Tours' one of Britain's big-three tour operators, has launched a programme for next winter which offers 10-day tripa to China for £498, tours to the U.S. for £234, and a visit to Thailand for £374.

Cosmos has provoked price battles before, and the travel trade will now be watching bow main budget-price rival Intasun reacts. The two operators have clashed in the U.S. market, pushing lead prices for two-week bolidays below £200 this summer.

Mr. Sidney Silver, managing director of Cosmos, said the company used its "ingenuity, expertise and buying-power in bringing the exotic and fascinating countries of the Far East to the mass market."

The company'a talents, however, have been aided by a market in which the pound is riding high, where the British, unlike the Americans, are eager to tarvel and are in demand, and in which the world's ever-expanding air network is looking for custom.

That travel is becoming a buyer's market is illustrated by Mr. Silver's comments yesterday about Spain. Introducing his winter programmes, he said: "There is no doubt that Spain has been making a very big effort in providing more help to tour-operators, and has mostly regained standards of service that were perhaps lost in trying to keep down prices. On average, onr prices to Spain are only 3 per cent up on last winter."

Apart from such long-haul temptations as a Christmas shopping-week in New York for £241, a 16-day trip to Waikiki Beach for £664, and a boliday in Hong Kong for £358, the brochure includes eight days on the Costa del Sol from £86, four days on the Costa Brava for £76, and a two-country visit to Egypt and Israel from £284.

Quality of rivers 'put at risk'

BRITAIN'S RIVERS are being put at risk by cuts in spending on aewage treatment works, the 500,000 - member National Federation of Anglers said at its annual conference at Scarborough.

Mr. Gerald Rollinson, chairman of the federation's fisberies and research committee, told the 800 delegates spending cuts hy water anthorities would lead to deterioration in the quality of rivers.

There were clear indications that the Government was being urged not to implement the pollution laws for another two to three years because of the cost.

Second tunnel

The second Dartford Tunnel nnder the Thames, costing almost £37m, will open to traffic at noon today. The present tunnel is used by 10m vehicles a year.

Havers plan to speed fraud cases

A FOUR-POINT plan for speeding up long and expensive frand cases was put forward by Sir Michael Havers, the Attorney General, last night.

- Only "the real villains" should be prosecuted, not those on the fringes.
- Cross-examination should be short and precise.
- Judges' summings-up should be as short as possible.
- Courts should not lose even 10 minutes in a day's normal five hours' sitting.

Sir Michael said that if something along these lines was not achieved, there wonld be even greater and more nnacceptable delays.

The longer the trial, the greater the opportunity for something to go wrong—such as jurors being "nobbled"—and the possibility of the case having to be started again, at enormous public expense.

Toiletry sales

ALBRIGHT AND WILSON, part of the U.S.-based Tenneco group, has set up a new company in the U.S., Albright and Wilson Inc., to promote sales of its toiletry and detergent materials, organic specialty chemicais, and oter phosphorous derivates. Albright's annual turnover is abont £400m.

Cash aid call to boost coal

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE Government should give industry additional financial incentives to encourage the conversion of its boilers from oil-firing to coal, according to Mr. Malcolm Edwards, the National Coal Board's director-general of marketing.

Mr. Edwards, writing in Coal and Energy Quarterly, noted that some support was given through existing Government schemes, such as conversion grants for raising hoiler efficiency.

But he added: "What is requlred now to belp those companies which are locked into oil and gas and wbich can and wish to burn coal is the provision of capital hy changes in the present system of grants and tax relief, or other methods that create a positive incentive."

He said that at a time of relatively low world economic activity, British industry was struggling to remain competitive, let alone plan for the next ten years. But the time scale for new boiler installations from design to operation ranged from one to two years for small plant, up to ten years for major installations.

Industry must be given tangible support if it was to avoid a log jam in the supply of coal-fired hoilers which could arise as North Sea oil and gas diminisbed.

It was vital for the Coal Board to recapture the greater part of the industrial bulk heating market. "The industrial market offers the Board a better opportunity than any alternative of increasing coal sales during the next 20 years," he said.

Recycling plant opens

THE glass-container industry's first recycling centre was opened near Alloa, Scotland, yesterday. The £500,000 plant has been purpose-built to sort, clean, crush and process more than 50,000 tonnes of waste glass, equivalent to 175m bottles and jars, collected each year through the bottle-bank scheme sponsored hy the Glass Manufacturers' Federation.

Mr. John Small, group managing director of United Glass, said recycling was one of the greatest contributions industry conld make to environmental conservation.

In 1978 six Scottish district councils agreed to co-operate in a pilot - scheme. Its success encouraged Unitex Glass to build the industry's first recycling centre in spite of the economic recession.

Mr. Small said confidence in the "Scottish people's legendary thriftiness" was already being repaid—44 bottle-banks were operating in 21 Scottish cities and towns and that in the first three months of 1980 more waste glass was collected than during all 1979.

Britcar gains franchise for Maserati

BRITCAR HOLDINGS, which owns Snharu (UK) and Jensen Parts and Service is acquiring the sole UK franchise rights for Maserati and De Tomaso cars.

International Motors will be the new holding company responsible for Subaru (UK) (Subaru concessionaires), Jensen Parts and Service (Jensen parts distributors) and Modena Concessionaires (Maserati and De Tomaso concessionaires).

Each individnal company will be separately financed

UK NEWS

Pensions body offers top job

By Christine Moir

THE NATIONAL Association of Pension Funds is to appoint a full-time director-general, Mr. Michael Pilch, the chairman, said at yesterday's annual meeting in Brighton.

The decision follows pressure from a ginger group of managers of some larger pension funds, particularly nationalised industry funds.

The association is believed to be looking for a high-level civil servant with a salary in excess of £30,000.

The ginger group has argued for more than a year that the movement needed a spokesman who could be seen to be independent of individual companies.

Not easy

At one stage it offered to pay the director-general's salary. However, this was rejected yesterday and the salary will be met from the association's internal resources.

Mr. Pilch said it would not be easy to find the right person. "Since we shall not be seeking the assistance of Lazard Freres, it may well be some time before a suitable candidate emerges."

Membership of the association was voluntary, he said, but its 2,000 members represented almost all the country's 9m workers in occupational pension schemes.

GLC displays dock road plans

PLANS and photographs of the proposed 6½-mile Docklands Southern Relief Road from Bermondsey to Woolwich are now on display by Greater Loodon Council at libraries near the route, said the GLC at the week-end.

The plans can be seen at Bermondsey, Rotherbithe, Cubitt Town and Greenwich libraries.

Formal objections to the compulsory purchase order should reach the Minister of Transport before June 13; objections to the side roads order and tunnel schemes before June 18.

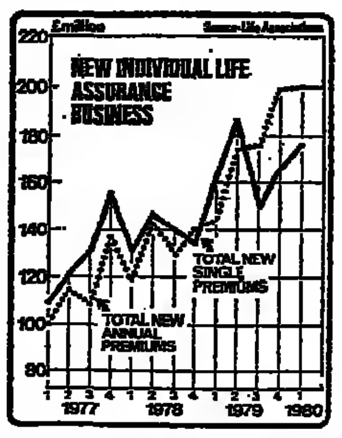
Life policies increase 45% in first quarter

BY ERIC SHORT

FIGURES PUBLISHED yesterday for the first quarter of 1980 show that new annual premiums for individnal life assurance and annuities placed with life assurance companies operating in the UK increased by 45 per cent over the corresponding quarter of last year to £178m.

The figures, issued by the life company associations, also show that in the same quarter single premiums improved by 8 per cent from £144m to £156m.

Thus annual premium business was only slightly lower than in the final quarter of 1979, while single premiums rose marginally.



Unit-linked life sales continued to be buoyant for regular savings plans with annual premiums rising 65 per cent, compared with the corresponding quarter in 1979, totalling £34.6m. But this figure was slightly below sales in the final quarter last year, the best ever fnr annual premium business.

Industrial life business, where agents collect premiums from the homes of policy-holders, continued to benefit from the change in the system of grant tax relief. New annual premiums advanced by 47 per cent to £53.8m. This was the final period when such a boost will apply. Ordinary life business increased by 37 per cent from £65.4m to £89.6m despite a dull house purchase market.

Single premium business in the linked life sector was comparatively dull in the quarter, declining by 1.7 per cent tn £67.5m. This business suffered from competitinn from high yielding income bonds which accounted for the 17.5 per cent rise in ordinary single premiums to £88.5m.

Personal pension business, mainly from the self-emplnyed, rose steadily during the quarter. New annual premium business was 10 per cent higher at £22m, with both ordinary and unit-linked business rising hy this amount. Single premiums also improved by 10 per cent, the whole of the rise coming from nrdinary business. Linked single premiums remained static.

Thus new annual premiums from individnal assurances, annuities and personal pensions increased by 40 per cent compared with the first quarter of 1979 to reach £200m. Single premiums were 8.5 per cent higher at £177m.

British Steel output recovers quickly

BY ROY HODSON

THE British Steel Corporation is working at mnre than 90 per cent of the production levels achieved in the weeks before the strike which crippled the industry early this year.

Figures issued jnintly by the public and private steelmaking sectnrs shnw that total British production recovered quickly and averaged 247,100 tonnes a week during April. A year earlier the average was 464,800 tonnes.

By the end of April British Steel's prodnction has reached more than 80 per cent of thc pre-strike level, and is now more than 90 per cent.

British Steel said: "This rate of recovery hs been well ahead nf expectations, particularly in velw of the length of the stoppage."

Prodnction was cut by 10 per cent on the TUC's Day of Action this week. Some mills were able to carry on as usual by rolling semi-finished steel from stock, and others carried out maintenance work and will be able to recover lost ontput during the next two weeks.

Trouble with hte 5,000 tonnes-a-day blast furnace at Llanwern strip mills in South Wales, is reducing the works' output of finished steel. The corporation suspect the furnace's lining may have been damaged by the unit being maintained in a damped-down condition during the three-month strike.

At nther BSC works, the blast furnaces are performing better than expected after being ont of action for so long.

During the January-March period of the strike, total British production of steel averaged 59,200 tonnes a week compared with more than 400,000 tonnes a week in the corresponding period last year.

Approval for £39m by-pass

PLANS FOR the £39m Hayes by-pass have been approved by the Greater Londnn Council's north area planning committees.

Formal consultation will now hc held on the detailed line of the proposed 3½-mile route.

Tax frauds 'not probed'

By Tim Dickson

SUSPECTED tax frauds involving millions of pounds are not being investigated because of Inland Revenue staff shortages, according to an article in The Link, the Society of Civil and Public Servants' journal.

Entertainment and "moonlighting" in particular merit attention, but are not getting it.

The article highlights the Inland Revenue's investigation section which is mainly responsible for policing the "black economy," apart from the work on evasion and fraud undertaken by the tax inspectorate's departmental grades. The "black economy" was recently estimated to represent an annual revenue loss of £3bn.

Sub-contract fraud is the major source of the investigation section's work, according to the article. But "not even all these cases are able to be accepted.

"The reason is that there is insufficient staff to handle the work."

A recent exercise apparently uncovered frauds where nearly 50 people from nne town were proscuted for offences involving construction industry tax exemption forms.

"The location was not exceptional and such an operatinn could be repeated in many towns in the United Kingdom."

British link for Dutch line

A DUTCH company, Transover Ferry Services, is to start a daily roll-on/roll-off ferry service between Great Yarmouth and Harlingen in North Holland. The service will carry freight primarily and will begin nn Jnne 2.

Transover, which was established last year by a number of Frisian road hanllers, has chartered two German ro-ro ships, the Anglia and the Dania. They will depart from Monday to Saturday at 18.00 hours, arriving the next day at 07.30.

Simpler rates reform proposed

BY ROBIN PAULEY

A SIMPLER alternative scheme for reforming the rate support system has been produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

It fulfils the Government's main objectives, including cutting off unlimited grant for high-spending local authorities

The scheme may find favour with the local authority associations, which are strongly opposed to the Government's own plans for funding local authority spending.

The association's own alternatives were rejected out of band by Mr. Michael Heseltine, Environment Secretary. He felt they did not deal adequately with pre-emption of grant by high-spending authorities.

The Association of Metropolitan Authorities is reviewing CIPFA's plan.

The CIPFA proposals retain the present system of two separate elements in the amounts of grant payable by the Government:

- The needs element attempts to level out differences between authorities in how much they need to spend per head of population based on a range of factors (e.g. number of school children, one-parent families, elderly people);
- The resonrees element attempts tn bring local authority rate bases—that is, funds they can raise through the rate system—up to a centrally-defined level.

Some authorities receive both elements, some only one, depending nn their resources.

The main problem with the present system is that the more authorities spend, the higher the grant. This means that high-spending authorities automatically receive more and more central Goveroment funds, an arrangement which Mr Heseltine regards as unfair, a disincentive to good housekeeping and an incentive to profligate Labour authorities to spend at taxpayer's expense.

CIPFA's scheme would eod that, a prime Government objective, by progressively withdrawing taxpayer's money to support the build up of a resources base. The resources base is the total of the rateable values on houses and offices which determines how mnch a local authnrity receives in rates.

Any authority choosing to levy a rate in the pound above the threshold would progressively lose Government grant, forcinug the ratepaper to fund extra expenditure.

The Government's block grant scheme would achieve this objective by amalgamating present elements intn a single nr unitary grant. But the Government's scheme would require it to state its views nn what each authority ought to spend, an unwarranted central Government intrusion in the eyes of the local authorities.

The advantage of CIPFA's scheme is that by moving the emphasis of its calculations from the needs part of the formula to resources the Government would only have to state the extent to which it could afford to give out money in order broadly to achieve its view of equitable distribntion of grant. There would be no need to make any explicit reference to assessed expenditure needs.

Althnugh assessment of need would underpin the system it would be no more than a way of distributing grant. It would minimise the danger that assessed needs would become the yardstick to measure actual spending. Pressure on anthnrities spending below their assessed level to increase expenditure up to the "right" figure would also be minimised.

Authorities above a certain standard rateable value per head would not receive resources grant sanctions against those anthorities if they over spent.

This could be overcome by introducing a system of clawing back grant from authorities with a resource base greater than the standard. The extent of clawback would depend on the level of spending chosen by each authority and conld take the form of a reduction in needs element grant rather than a physical payment by the authority to the Government.

Environment Department officials who have checked the CIPFA scheme confirm privately that it meets the main Government objectives and that the principal reason for not adopting it would be political.

It would need the full support of the local authnrity associations, because the Government is unlikely to replace one opposed scheme with another.

It will also need to be decided in a hurry as the parliamentary report stage of the Local Government Planning and Land Bill is only three or four weeks away.

Having struggled to get block grant through the standing committee stage, the Government might be reluctant to accept a completely new financial proposal which is so similar to its own.

CONTRACTS

£7m building at naval hospital

MARPLES RIDGWAY has been awarded a £7m contract in connection with the Royal Naval Hospital at Haslar, Gosport, by the PSA's directorate of Defence Services. The work which consists of new buildings within the grounds of R.N.H. Haslar and alteration and recoostruction of existing structures is expected to begin in Jnne 1980 and will take three years to complete.

★

NEI REYROLLE of Hebburn has been awarded the contract for the supply of the 3.3 kV auxiliary switchgear valued at around £2m for the Drax B power station in Yorkshire.

★

The power and water division of BABCOCK-BRISTOL — a member of the Babcock Indnstrial and Electricals Products Group—is supply instrumentation and control equioment worth about £1m for the CEGB's Dinorwic power station, Wales, the largest pumped storage power scheme in Europe.

★

MATHER AND PLATT has won an order worth almost £1m, from McDermott Hudson for the supply of four high pressure seawater injection pumpsets for Amoco's N. W. Hutton Field in the North Sea. The contract includes the supply of three nine stage full cartridge withdrawal, barrel casing design pumps and one six stage high pressure booster pump 9150 p.s.i.g. hydrotest.

★

MATHER AND PLATT, Manchester, has won an order worth over £360,000 for the snpply of four six inch boiler feed pumpsets and auxiliary equipment. Ordered by N.E.I. International Combustion, Derby, the eqnipment is for use at British Steel Corporation, Port Talbot.

★

An order, worth abont £200,000, has been won by the Reading branch of N. G. Bailey and Company for the complete electrical installation at a new Tesco superstore and multi-storey car park at Wokingham, Berks.

★

HUMPHREYS AND GLASGOW SERVICES has been awarded a mechanical services contract totalling £250,000 by Blyth and Blyth (M and E), Edinburgh. The work for Arthur Bell and Sons covers extensions to the Dunfermline bottling plant and replacing an existing boiler at Broxburo. The maio contractor in both cases is Holland, Hannen and Cubitts (Scotland).

★

The engineering division of AEG-TELEFUNKEN (UK) has received an order valued over $3.5m (£1.5m) for 30 kV and 6 kV power cable to be installed at the Ras Lanuf ethylene complex, from Stone and Webster Engineering as agent for the Azzawiya Oil Refinery Company, operating in the Social People's Libyan Arab Jamahiriya. The total package which includes 123 km of 30 kV underground cable and 50 km of 6 kV XLPE cable will be manufactured by AEG-KABEL in West Germany.

★

A fork lift truck bire contract worth more than £144,000 has been awarded to the northero regional branch of HARVEY PLANT, Edinburgh. The order is for the supply of 11 fork lift trucks to the National steel foundry at Leven.

Civil Servants attempt to circumvent suspensions

BY PHILIP BASSETT, LABOUR STAFF

THE LARGEST Civil Service trade union effectively agreed yesterday to cut the pay awarded to members on strike in an attempt to circumvent the Government's growing tactic of suspending Civil Service and Post Office strikers.

The annual conference of the Civil and Public Services Association instructed the incoming Right-wing executive of the union to prepare a new industrial action policy.

The present code for taking industrial action was drawn up in 1969. A central strand of the policy is the payment by the union of full net pay to those called out on official strike.

While this policy gives the union freedom to bring its members out in selected key areas such as computer centres, and ability to sustain the action over a long period if necessary, it was effectively countered by the Government last year during the Civil Service and Post Office strikes, which severely disrupted cash flow to Government and the Post Office corporation.

The Government suspended large numbers of strikers, particularly in the Scottish Office, for refusing to carry out their normal duties. The CPSA then deemed those suspended to be on official strike, and began to pay them full strike pay accordingly.

The result was that the union strikes cost it more than £2m last year, and after a membership ballot it transferred £½m from its general to its fighting fund to help meet the cost.

Mr. Ray Alderson, for the CPSA national executive, said that the Government's response to the union's strike policy of suspending employees was "effectively handing control of the strike to management."

The union is also concerned that it has been unable to give official backing to requests for support for strike action because of the cost.

Delegates decided yesterday to convene a special conference to formulate the new policy if necessary. The main effect of any change would be to reduce the level of strike pay, either on a sliding scale in relation to the numbers involved, or to a level of £10 or £20.

Welfare capitalism impossible, says Benn

BY JOHN LLOYD

THE GOVERNMENT'S central purpose is to overcome trade union opposition to its strategy and to "pulverise Labour's power base in industry and neutralise its political voice and Parliamentary prospects," Mr. Anthony Wedgwood Benn, the Labour Party's leading Left winger, said last night.

Mr. Benn, who was giving a Granada lecture at the London City Guildhall, made a sweeping analysis of labour-capital relations over the past four decades.

In a Granada lecture last week, Mr. James Prior, the Employment Secretary, called on trade unions to "put their house in order" and management to give a more positive lead.

Mr. Benn, however, explicitly rejected the kind of consensus on which such manoeuvres would be based, saying it had ended with the Conservative's General Election victory last year.

He said: "To put it in plain language, 40 years of experience of trying to pretend that welfare capitalism was possible, successful and permanent, and could melt away the conflict between Labour and capital, have proved that it cannot be done."

The Government had adopted a political programme "designed to bring about a fundamental and irreversible shift in the balance of wealth and power in favour of the owners of capital at the expense of working people and their families," the greatest opposition to which came from the trade unions.

However, he said, since the consensus had clearly broken down, the class system could be seen to remain in existence, with its privileges unchanged or even re-inforced. That was why present policies could never win general consent.

"When the monetarists have completed their task and have lost the public support which gave them their initial Parliamentary majority, a new Government will be elected to reconstruct the economy on a new basis," Mr. Benn said.

A "new constitutional settlement" with the unions would include greatly extended negotiations on the whole range of company policy, "with a requirement to agree on all these matters before company policy is decided."

Trade unions would become more active in education.

On the Government's side, there would have to be a commitment to public enterprise. "If market forces are to be accepted as the ultimate determinant of economic development, capital can dictate the terms and insist upon compliance by Parliament and people," Mr. Benn said.

Number of cleaners confidential

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Civil Service Union is not entitled to see certain of the information on which the Ministry of Defence decided to change from direct labour to contract labour for office cleaning, a High Court judge ruled yesterday.

The information—about numbers of cleaners involved and hours it was intended they should work—was confidential and protected from disclosure under the Employment Protection Act, 1975, said Mr. Justice Forbes.

The union, which regards the matter as a test case, is likely to appeal against the ruling. Although the case concerned only 68 cleaners in Bath, the union fears that employment of contract labour in Defence Ministry offices there would be only the beginning of a process that could spread.

The judge said that last July the Government had ended a mortorium on changes from direct to contract labour by Government departments. The Ministry of Defence had obtained tenders for the cleaning of its offices in five buildings in Bath and informed the union that it intended changing to contract labour, which would make 68 cleaners redundant.

The union sought information to enable it to challenge the Ministry's argument that the change would save money. When certain information was refused, the union complained to the Central Arbitration Committee. The committee upheld the Ministry's claim of confidentiality.

The judge said that while acknowledging that the actual prices contained in the tenders were confidential, the union was trying to get sufficient information to enable it to calculate those prices.

The CAC had based its finding on the fact that tender forms issued by the Ministry to contractors had been headed "Contracts in confidence." The union argued that in holding that that "label" showed conclusively that the matter was confidential the CAC had misdirected itself.

Rejecting that argument, the judge said that the tenderers had relied on the "label" to preserve the confidentiality of the information they were giving.

The union's application that the CAC's decision should be quashed was dismissed with costs.

Welsh miners seek £26 a week more

BY ROBIN REEVES, WELSH CORRESPONDENT

SOUTH WALES miners' delegates voted unanimously yesterday to fight for a minimum basic wage of £100 a week for colliery surface-workers in the next miners' pay round, and against pit closures.

The wage demand, approved at the Welsh miners' annual conference in Porthcawl, represents a rise of £26 a week or about 35 per cent for the lowest paid in the industry. They demanded the same £26 increase for all other grades on an across the board basis.

The claim—to be put to the National Union of Mineworkers' national conference in Eastbourne in July—was coupled with a militant declaration of opposition to pit closures, threatened in South Wales as a result of steel industry cuts and increased coking-coal imports.

The conference was undeterred by the weak response to the TUC's Day of Action (miners were the only solid group to stop work in Wales on Wednesday) and the refusal of their own rank-and-file membership to strike last February to support steel workers. It declared its unanimous opposition to plans for slimming down the Welsh coal and steel industry.

The National Coal Board has begun reviewing operating costs of six pits and, according to Mr. Emlyn Williams, South Wales Miners' president, possible closure of up to 20 of the 35 collieries in the loss-making coalfield is to be examined over the next ten months.

An emergency resolution was passed unanimously describing the NCB's pit reviews as a programme for disaster "which we will not accept." It called for withdrawal of closure plans, and for expansion of investment and of the total output capacity of the coalfield.

"We will resist pit closures with the utmost united action of this coalefild and the widest solidarity we can obtain from other industries and the community," the resolution added.

In impassioned speeches, delegates sought to dispel the impression created by a debate on redundancy terms earlier in the wek. This produced widespread calls for substantially higher severance payments where closures were inevitable.

Mr. Williams said it would be necessary for them to galvanise the coalefild on wages and closure issues and on the NCB's promised introduction of a 4-day week. He foresaw conflict with the Government as inevitable, if unions were to meet members' aspirations. The Coal Board was not in a position to meet demands from its own resources, he said.

Star and Express return

By John Lloyd

THE Daily Express and Daily Star were published normally in London and Manchester last night following agreement between Express Newspapers and the Society of Graphical and Allied Trades (SOGAT).

Neither paper was produced in London nor Manchester—the Star's main printing centre—on Wednesday night.

SOGAT took industrial action then following Express Newspapers's success in printing about 180,000 copies of the papers in Manchester on Tuesday night when all other national papers were halted by printers supporting the TUC's Day of Action.

Mr. Victor Matthews, chairman of Express Newspapers, said last night that his threat to close the Star permanently still stood "if there is any more of this nonsense.

"However, I think the anger of Wednesday has been dispelled somewhat, and the Star goes on."

Mrs. Margaret Thatcher, the Prime Minister, told the Commons she hoped the Star would soon be published again. "The Daily Star was only recently set up, and it is always a great event when we get a new newspaper," she said.

Ford workers recalled

FORD yesterday told 6,500 workers laid off at its Halewood plant to report for work this morning in the hope that an unofficial strike in the metal finishing area will be called off.

A formula to end the dispute was agreed between management and union representatives yesterday. It will be put to a meeting of the workers involved this morning.

The dispute, over new work rotas, has been rumbling since early this month. Production was halted when 80 men walked out on Tuesday, and losses have since run at about £3m per day in retail value.

IPC peace talks fail

By John Lloyd

TALKS between the International Publishing Corporation and the National Union of Journalists to find a formula to end the three-week suspension of the 1,500 journalists in the company's business press, magazine and book publishing divisions ended after four hours last night with little progress made.

Mr. David Greig, the father of the group chapel (office branch) said that IPC would not agree to reinstate his members with full back pay for the three weeks in which they have been dismissed.

The journalists will hold a group chapel meeting this morning to decide on their approach to future talks. A further meeting between the two sides has been provisionally planned for Monday.

The suspension of the journalists, and of the bulk of IPC's magazines, follows a one-day strike by the NUJ in support of its 28 per cent pay claim. IPC has refused to raise its offer from 17 per cent.

FOOD PRICE MOVEMENTS

	May 15 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,230	1,230	1,230
British A.1 per ton ...	1,200	1,200	1,180
Ulster A.1 per ton......	1,200	1,200	1,180
BUTTER†			
NZ per 10 kg	15.50/15.63	15.50/15.63	—
English per 10 kg	18.97	18.67	19.07
Danish salted per 10 kg	19.43	19.43	19.43
CHEESE‡			
English cheddar	—	—	—
Irish cheddar	1,620	1,450/1,460	—
Danish cheddar	1,480	1,480	1,465
EGGS*			
Home produced:			
Size 4	4.15/4.40	—	4.40/4.60
Size 2	4.90/5.00	—	5.00/5.40
	May 15 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	68.0/73.0	69.0/74.0	69.0/74.0
Eire forequarters	46.0/49.0	49.0/52.0	48.0/50.0
LAMB			
English	—	—	—
NZ PLs	61.0/62.0	—	58.0/60.5
NZ PMs	69.0/60.0	—	—
PORK			
All weights	40.0/50.0	41.0/50.0	38.0/49.5
POULTRY			
Oven-ready chickens...	40.5/45.0	40.5/45.0	39.5/48.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne.

20% offer for Tube staff

LONDON TRANSPORT told union leaders yesterday that it was prepared to make a pay offer totalling 20 per cent to Underground staff in return for firm commitments from the unions on a number of specific measures to improve efficiency.

The offer, covering 11,500 workers, appears to meet in broad terms the claim from the rail unions, which sought a similar 20 per cent deal to that achieved for British Rail workers.

UK NEWS — PARLIAMENT and POLITICS

Thatcher rules out early cut in MLR

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN INCREASE in the rate of inflation will be shown when the April figures are announced today, the Prime Minister told the Commons yesterday when she was questioned about the economy.

Mrs. Thatcher also indicated that there was no likelihood of a drop in the present high level of minimum lending rate until the demand for credit diminishes.

It was noticeable that the Prime Minister took a low key approach when she was invited to comment on the TUC's Day of Action. Infact, few Tory backbenchers attempted to make capital out of Wednesday's demonstrations.

Mr. Geraint Howells (Lib. Cardigan) told the Prime Minister that high interest rates were having a disastrous effect on small businesses. He called on her to discuss it with the Chancellor immediately and to recommend that minimum lending rate be lowered forthwith.

The Prime Minister told him: "As a matter of fact, I have discussed it with the Chancellor this morning. The banking figures which were out recently and the money supply figures today indicate there is still a very high demand for borrowing from manufacturing industry and some considerable demand from the personal sector. While that demand remains as high as it is, the interest rate cannot come down."

HOWELLS: "disastrous effect of interest rates"

Mr. George Foulkes (Lab. Ayrshire, South) said inflation was about to reach 21 per cent. He *thought the pension* increases announced for November were clearly not going to keep pace with inflation and asked what plans the Government had for increasing them.

Mrs. Thatcher replied that it was expected that the inflation rate will rise when it is announced today. There were scornful shouts from the Labour benches when she added: "there are, of course, technical reasons." One of these was that the Budget had been held earlier this year than last.

She went on: "There are also *great reasons of substance*—namely very high pay increases not backed by productivity and substantial increases in raw material prices over and above the increase in the price of oil."

Mrs. Thatcher pointed out that the rise in pensions was based on the inflation figure from November last year to November this year. It was too early to tell what that figure would be.

Mr. Esmond Bulmer (C., Kidderminster) likened Wednesday's TUC demonstration to "the rage of Caliban seeing his own face in the glass." It showed, he said, that the policies of the TUC were clearly out of tune with the aspirations of its members.

Mrs. Thatcher told him that she believed the people had given the right verdict which was "carry on, Britain."

Mr. Alan Hazelhurst (C., Saffron Walden), said so many people had ignored the Day of Action that it showed the Government had got its employment legislation about right and that the Employment Bill had widespread support among trade unionists.

FOOT: "failures technical or economic?"

Mrs. Thatcher agreed and said it showed that people would have "no truck" with political strikes and would rather get on with the job.

Mr. Colin Shepherd (C., Hereford) drew attention to the differences in the size of pay settlements between the private sector on the one hand, and public services and public monopolies on the other.

He said this was particularly true of water authorities and his constituents were unable to meet the enormous cost of water and sewage treatment.

Mrs. Thatcher told him that the level of settlements in private manufacturing had, in general, been lower than those in public monopolies, including the water authorities.

One water authority had already been referred to the Monopolies Commission and it was the intention to refer others.

"I hope everyone will take note that competition keeps prices down," he stressed.

Mr. Michael Foot, deputy Leader of the Opposition, asked which of the Government failures she would describe as technical and which were economic.

He wondered if she had seen an interview in yesterday's Evening Standard in which Mr. James Prior, the Employment Secretary, said he could not be held responsible for the failures of the Government.

Sharply, Mrs. Thatcher retorted that the inflation figures to be published today would not go up by anything like the level which the Labour Government had achieved.

Modifying limitations on nationalised industries

By Our Parliamentary Staff

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday confirmed that the Government is to discuss with the National Industries' Chairmen's Group the possibility of modifying the financing arrangements for the nationalised industries, subject to the constraints of overall economic policy.

He was replying to a question from Mr Robert Adley (C., Christchurch and Lymington), who asked about the possibilities of removing limitations on the nationalised industries from embarking on major investment programmes financed by sources other than the Government.

Anatole Kaletsky adds: It is understood that other matters to be discussed will include modifications in the present system of setting cash limits on the nationalised industries, and possible redefinitions of the Public Sector Borrowing Requirement.

The NICG will be represented in the discussions by Sir Francis Tombs, Chairman of the Electricity Council, and by the board members for finance of the gas and electricity *industries*.

The Government side will be led by Mr Bill Ryrie, Second Permanent Secretary of the Treasury.

Vaughan confirms retreat on sight testing charge

BY IVOR OWEN

SOME EXISTING optical charges are likely to be increased to replace the £11m which will be lost to the Exchequer as a result of the Government's decision to drop the proposal to introduce a £2 sight testing fee from April 1 next year.

This was made clear in the Commons last night when the Government's retreat on the sight testing fee—made under strong pressure from Tory backbenchers — was confirmed by Dr. Gerard Vaughan, the Health Minister.

He promised full consultations with the profession before firm decisions are reached on the precise areas in hte "optical field" where the £11m can be obtained.

Dr. Vaughan, who explained that a new clause giving effect to the outcome of these consultations will be added to the Health Services Bill when its report stage is resumed after the Whitsun recess, was sharply attacked by Labour and Liberal MPs.

The Opposition benches were particularly incensed by the fact that the dropping of the sight testing fee first became known through a "leak" instead of by an official announcement to Parliament.

Mr. Roland Moyle, an Opposition spokesman on the Social Services, protested that the introduction of a sight testing fee would have been in direct contravention of election pledges by the Prime Minister that no new Health Service charges would be introduced.

VAUGHAN: decision lost Exchequer £11m

At the same time, he contended that the Government's retreat was the first evidence of a "U-turn."

Amid Labour cheers, he declared: "We look forward to many more of them in the ensuing years, before the general election."

Mrs. Jill Knight, (C. Edgbaston), a central figure in the campaign waged from the Government back-benches to get the sight testing fee dropped, congratulated Dr. Vaughan on his decision.

She said it demonstrated that even when legislation was in its final stages, it was possible to persuade the Government to change its mind.

Underlining the importance of sight testing, Mrs. Knight said the eyes provided an early warning system which could give an indication of health problems in other parts of the body.

Mrs. Knight confidently asserted that there was no question of the sight testing fee proposal being resurrected by the Government at a later stage.

"The Government has heard a great deal of argument," she said, "and it is incomprehensible to me that having listened to it and taken the action it has, that it would go back on that action."

Labour MPs refused to give any credit to Mrs. Knight and her Tory backbench colleagues for the Government's retreat.

Mr. Stan Orme, the "shadow" Social Services Secretary, even suggested that it was the first fruit of the TUC's Day of Action.

Parliament next week

COMMONS

Monday: Housing Bill, remaining stages. Dental Qualifications (EEC recognition) Order.

Tuesday: Housing Bill remaining stages. Upholstered Furniture (Safety) Regulations.

Wednesday: Social Security (No. 2) Bill, remaining stages.

Thursday: Housing Bill, completion of remaining stages. Consideration of Lords Amendments to Social Security Bill.

Friday: The House will rise for the spring adjournment until Monday, June 2.

LORDS

Monday: Transport Bill Committee. Dental Qualification Order.

Tuesday: Employment Bill, second reading.

Wednesday: Debate Multi-Handicapped Blind. Debate on Conservation of Antarctic Marine Living Resources. Tree Bill committee. Questions on wire-tapping.

Thursday: Edward Berry and Doris Ward (Marriage Enabling) Bill, second reading. Industry Bill, third reading. Upholstered Furniture (Safety) Regulations. Question on congestion in the public search room at the General Register Office.

Friday: Royal Assent. Whitsun recess.

PM cautious on hint of Afghan withdrawal

By John Hunt

THE LATEST overtures from the Soviet-backed regime in Afghanistan received a cautious response from the Prime Minister in the Commons yesterday.

A statement from the Kabul Government, put out by Tass, the Soviet News Agency, on Wednesday, hinted at the possibility of withdrawal of Russian forces from Afghanistan.

It also referred to the possibility of Moscow and Washington guaranteeing Afghanistan's relations with Iran and Pakistan.

Mr. David Atkinson (C., Bournemouth East), suggested that the announcement that Afghanistan wished to discuss neutrality might be a timely gimmick to influence the decision of Western countries to send teams to the Olympic Games.

For any arrangement to be acceptable to the West, he said, there would have to be total withdrawal of Soviet influence from Afghanistan, the holding of free elections, and respect for human rights and fundamental freedoms.

Mrs. Thatcher said she had observed the current proposals which were not really very different from the ones published on April 17.

Nevertheless, the Government would have a look at them.

"We also noted that it didn't make provision for the essential withdrawal of Soviet troops from Afghanistan, which most of us would regard as the minimum condition for anyone to consider going to the Olympics," she added.

Mr. Michael Foot, deputy Opposition leader, told her that the meeting of EEC Foreign Ministers this weekend would be a convenient opportunity to consider the proposal

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ENERGY REVIEW

BY MARTIN DICKSON

Why the world must take action now on coal

OLD KING COAL, the fuel which fell from grace in the era of cheap oil, is about to make a triumphant return.

With oil supplies uncertain and faith in nuclear power far from universal, the world is turning back to coal as the saviour of its standard of living and a spur to growth for at least the next few decades.

This new coal boom will have a ripple effect far beyond the mining industry and on a scale as yet little appreciated. It will require railways, ports and ships to transport the fuel, and power stations and industrial boilers in which to burn it.

It will set off new trading patterns, with significant effects on balance of payments. And it will give a new tilt to the world's geo-political energy balance, with industrialised nations such as the U.S. and Australia emerging as the key coal exporters.

Woken up

With the wisdom of hindsight it is remarkable that this was not foreseen earlier. But in the cheap oil era of the 1950s and 1960s, when coal was an ailing industry, only a few lonely voices crying in the wilderness (notably at the National Coal Board) posed the question: What happens when oil supplies start to dwindle?

It took the 1973-74 oil crisis for people to examine the issue seriously and since then, the world has woken up only slowly to coal's central new role.

That role has been brought into focus more sharply than ever before by a major new study, published this week, which seems destined to be the coal industry's bible for years to come.

It is the report of the World Coal Study*—otherwise known as Wocol—an 18-month inquiry by an 80-strong team from 16 major coal producing and using countries into the fuel's prospects. The team, which included representatives from China and Poland, but not the Soviet Union, was led by Professor Carroll Wilson of the Massachusetts Institute of Technology.

The result is the most comprehensive study yet of the international coal trade and a warning to Goveroments and industry that they must act quickly and co-operatively if coal is to bridge the eoergy gap which could threatn the world by the year 2000.

Wocol argues that limited oil supplies, nuclear controversy and the generation of relatively small amounts of power from alternative sources, mean that coal consumption may have to triple over the next two decades to meet world energy demand. International trade in steam coal—used in power stations and industrial boilers—might need to rise betweeo 10- and 15-fold.

If this happens, it says, then the energy problems of the next two decades can be faced wilh confidence. If not, then "the outlook is bleak."

Is such an expansion possible? Wocol believes that it is, provided that the international community appreciates the long lead times involved in setting up a "coal chain" from mine to consumer and acts quickly to provide these. But lbe problems of synchronising the operations are great, as a closer look at the supply/demand equation demonstrates.

Wocol's starting point on the demand side are two alternative forecasts of the growth of energy consumptinn among the industrlalised countries belonging to the Organisatin nfor Economic Co-operation and Development, which between them account for 85 per cent of the energy consumed outside the centrally planned econnmies.

Case A assumes that this growtb will average a relatively modest 1.75 per cent a year up to the year 2000 and concludes that OECD coal requirements will double to 2,000m tonnes of coal equivalent (mtce being a standard measure of coal's variable heat content).

Faster

Under Case B, which assumes a faster 2.5 per cent growth rate, OECD consumption would treble to 3,025 mtce. These figures, combined with more tentative ones for the remainder of the world, suggest that total coal use will have to expand from 2.5bn tce in 1977 to between 6bn and 7bn tce by 2000—an annual growth rate of 4 to 4.5 per cent a year.

Most coal will be used, as it is today, to generate electricity. Fnrecasting in this area is bedevilled by uncertainty over the nuclear contribution, but in the OECO alone the demand fnr power statinn coal could rise from 600 mtce in 1977 to 1,325 mtce in 2000, under Case A, or 1,850 mtce, under Case B.

Growth in the demand for metallurgical coal, used in the depressed iron and steel industries, will be relatively modest, but the use of coal in industrial boilers is expected to expand rapidly after 1985, while a substantial new market could develop in the 1990s in the production of synthetic nil and gas from coal.

To meet this demand, there will have to be a major increase in the scale of international coal trade, which today amounts to just 200 mtce a year, 8 per cent of global consumption. Some 70 per cent of it is in metallurgical coal.

Wocol estimates that the trade would have to increase between three and five times by 2000: to 560 mtce under Case A and to 980 mtce under Case B—equivalent to nearly half the oil exported from OPEC countries in 1979.

The increase in steam coal trade would be even more dramatic, rising by a factor of 12 under Case B or up to 15 times if nuclear delays and oil supply limitations complicated matters still further. Japan, which now imports only 2 mtce a year of steam coal could require between 20 and 50 times that amount by the end of the century, making it the world's largest steam coal importer.

New pattern

This would set in motion a new pattern of energy trade flows. Wocol estimates that the U.S. will have the greatest export potential, with the ability (though not as yet the intention) to reach a maximnm of 350 mtce a year by 2000. Other major exporters would include Australia (up to 200 mtce), South Africa (up to 100 mtce), Canada (up to 67 mtce), Poland and the Soviet Union (up to 50 mtce each) and China (up to 30 mtce).

The largest trade flows would probably be from the U.S., Australia, South Africa, Canada and Poland to Western Europe, Jpn nd other East Asian ports. (Britain, being virtually self-sufficient in coal, would have liltle role to play.)

The U.S. an dAustralia would bear a particularly heavy burden if coal demand approached the Case B level. The U.S. might have to expand exports by 150 mtce above the 200 mtce it now expects to ship at the turn of the century, making it the world's balancing supplier of steam coal.

But as Wocol warns: "Expand U.S. exports to levels of 300-400 mtce a year would require overcoming significant physical and institutional obstacles, including a general lack of awareness within the U.S. that here may be a demand for such expanded export levels. A recent Government projection, for example, anticipated export requirements of only 100 mtce in the year 2000."

There is nn point digging up the coal unless you have transport to get it to the consumer and new boilers and power stations in which to burn the fuel. The provision of these facilities involves lnng and differering lead times—up to 10 years in the case nf some power stations—so there are strong possibilities of bottlenecks develnping.

Can these physical problems be solved? Again, Wocol's answer is yes, provided action is taken in time. It sees little problem in the provision of capital to fund these new coal chains. It estimates that around $200bn will be required in the OECD countries—large in absolute terms bnt less than 1 per cent of the aggregate capital formation expected in these countries up to 2000.

It says that 5m tonnes dwt of new coal carrying vessels could be needed every year for the next 20 years, with ships of up to 250,000 tonnes dwt emerging in the 1990s. But this, it argues, would be well within the capacity of the world's shipbuilding industry—and at a cost of $35bn-45bn would give it a welcome economic hoost.

Moreover, by the turn of the century a substantial proportion of the world's merchant fleet could have reverted to coal firing, with the building up of bunkering facilities along international routes.

But though Wocol focusses on the nature of the supply/demand problem with impressive clarity, it is beyond its brief to draw up a blueprint for a solution. That will be left to the interplay of Governments and market forces.

Clearly, the oil multinationals will have a crucial role to play in developing a coherent market. Their long experience in the vertical integration of the oil industry gives them the opportunity to play a dominant role in the coal trade and they have been diversifying strongly intn the sector in recent years.

BP, for example, is now the eighth largest private sector coal producer in the world, with output of 15.3m tonnes last year. Shell aims to win 10 to 15 per cent nf the coal trade—broadly in line with its stake in international oil movements. It has been estimated that by 1985 oil-based companies could control about 40 per cent of U.S. coal output.

Balance

But the task facing Governments will be even more crucial: fostering the right climate in which the trade can develop. This includes striking a careful balance between the demands of environmentalists and energy requirements. A major constraint on the development of the coal trade could be the increasingly long times required to gain planning consents for mines, transport facilities and power stations.

There are already signs that Wocol has acted as a powerful catalyst, forcing governments to think more carefully about coal. For example, it emerged during study debates that several countries, notably Japan, lacked confidence in the ability of the U.S. to match promises about export availability with secure supplies. As a result, the U.S. Department of Energy is now compiling a list of recommended measures which the Government could take to reassure its coal trading partners.

Meanwhile, the newly formed Coal Industry Advisory Board of the International Energy Agency is drawing up firm proposals to triple the West's use of coal by 2000. It hopes to put these to governments by the end of the year.

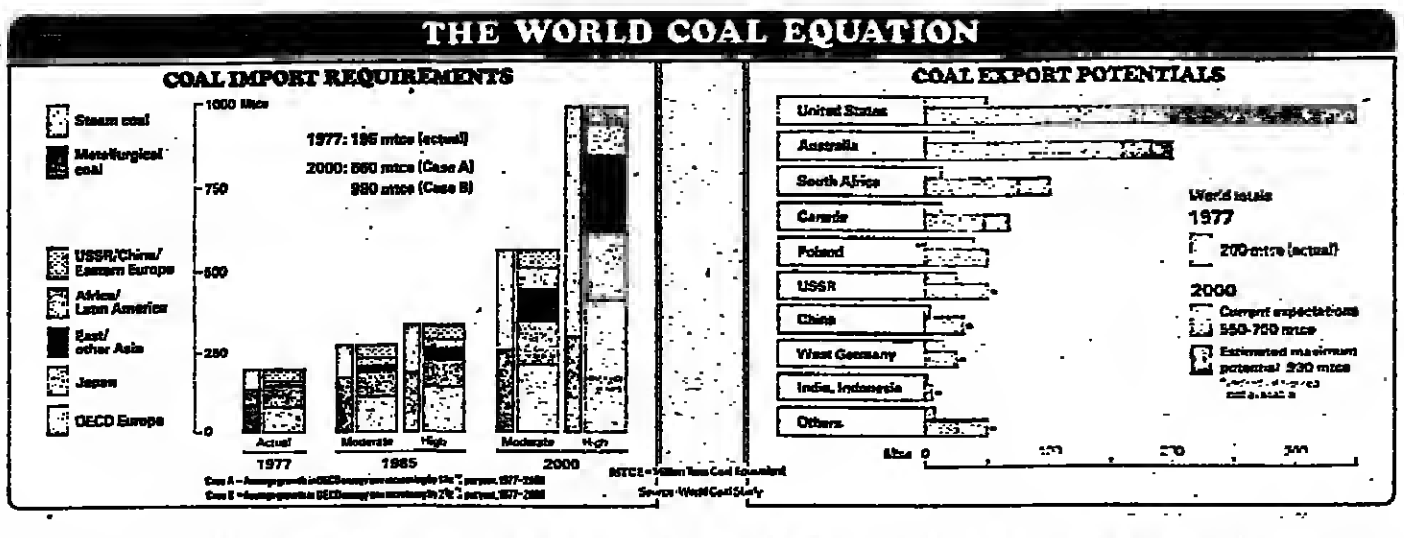
At its recent inaugural meeting in Paris, the CIAB emphasised that many Western Governments had so far taken no significant steps to tackle the "horrendous" problem of expanding their coal industries.

With their minds concentrated by the Wocol study, governments may now start to translate their oft-expressed verbal support for coal into deeds.

As Wocol itself observes: "Declarations of intent are not self-executing. They require action. We believe that a deeper public understanding of the importance of coal to the world's future is necessary if the numerous steps by local, regional and national governments, by international agencies and by public and private investors are to be taken in time to allow expanded use of coal to provide a major part of the energy required for the world's continued economic growth."

* Coal, Bridge to the Future. Report of the World Coal Study. Harper and Row. £7.95.

THE WORLD COAL EQUATION



Roger Taylor

Coal stocks at the Tilbury B power statinn, near London, exceed the ½m tons shown here.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How not to break the rules

Brij Khindaria analyses the latest UN code of conduct

AFTER A DECADE of in-fighting and debate among the nations of the industrialised and developing world, a major United Nations agreement has just been reached on the international regulation of business activites.

Differences over the status of the agreement and its ponderous title of "Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices," both obscure the significance of the document. For represents the first element in a package of agreements which will regulate, nn an nnprecedentedly broad basis, the multinational activities of companies. It will also serve as a model for domestic legislation in many developing countries.

The onl yexisting agreement nf conduct for multi-national of this kind is a voluntary code concluded under euspicies of the 23 nation nrganisation for economic co-operation and development (OECD).

The background to the OECD code, and to the whnle movement towards international business guidelinea and codes of conduct, was discussed at length on this page on April 22. The Geneva agreemant on guidelines to control Restrictive Business Prectices bas taken matters a major atep further, not least because it reflects a new willingness on both sides to seek pragmatic solutions to extremely difficult problems.

Concluded under the auspices of the United Nations Conference nn Trade and Developmant (UNCTAD), the "Principles and Rules" are the first major UN accord concerning international regulation of business operations. Other negotiations still under way in the United Nations system include those for a code of conduct for technology transfer, and for a separate overall code of condnct for transnational enterprises.

Negotiations for the Geneva guidelines were first begun about 10 years ago in response to Third World complaints that transnational corporations use subsidiaries based in developing countries to dominate local markets, and to prevent imports of rival products frnm other sources.

The stated purpose of the guidelines is to prevent any practices of multinatinnal companies, whether privately or state owned, which could barm the foreign trade interests or the economic develnpment of developing conntries.

Although this is not explicitly stated anywbere in the text, application of the "principles and rules" will be voluntary. The question is how voluntary?

In order to settle a longstanding dispute with developing countries which wanted a legally binding treaty, the United States at the last minute suggested that the "principles and rules" sbonld be made part of a United Nationals Geoeral Assembly resolution asking governments to "encourage" enterprises to observe the "recommendetions" contained in them. The general assembly is expected to approve such a resolution in September.

Developing countries accepted the suggestion in view of their belief that a General Assembly resolutioo is binding in its effect because of the United Nations' great prestige, althougb legally its implementation is voluntary. Such a resolntion is in any case binding for the work of United Nations' specialised agencies.

On the other hand, Western countries—which are seen as laying less store by General Assembly resolutions—expect that the "principles and rules" will carry less weigbt even than voluntary guidelines because they will only be General Assembly recommendations.

Anticipating such an attitude, develnping countries insisted on the creation of a new group to oversee and regularly assess the application of the guidelines. If they are not satisfied with the attention paid in practice to the "principles and rules" by gnvernments of indnstrialised countries, they will insist on a binding treaty at the review conference after five years.

An intergovernmental group of experts will be created within UNCTAD's secretariet to monitor the guidelines' application and to prepare annnal evalnation reports, as well as to promote information exchanges among signatory countries.

Abuses

The key sections of the "principles and rules" concern transactions between related enterprises, including those based in different countries, irrespective of wbether they are privately or state-owned.

All companies mnst "refrain from" business practices which involve abuse of a "dominant position of market power" limit access to markets or "unduly restrain" competition, the text says.

But related companies are exempted from the "principles and rules" if, because they are nnder common control or cannot act independently of each other, they form e single "economic entity." Whether such companles act as an economic entity would be established by investigation of each transaction alleged to involve abuse of market dominance, even if the same companies are clearly not a single economic entity for other purposes.

The intergovernmental group of experts cannot in any case "act like a tribunal or otherwise pass judgment on the activities or condoct of individual governments or of individual enterprises in connection with a specific busines transaction." Nor can it investigate alleged abuses.

The text also says the group should "avoid becoming involved" wben enterprises involved in a specific transaction are in dispnte.

The guidelines do not inclnde any penalties for companies using restrictive business practices. At best, a host country government can seek consultations with the subsidiary's foreign parent nr with the parent's government of origin.

But there is no provision for conciliation or arbitration. The U.S. argued that a conciliation procedure was unnecessary becanse such a procedure included in the OECD's code nf conduct for multinational companies bas never been used. On the other baod, the OECD code is applied only by industrialised countries.

Although the "principles and rules" are universally aplicable by all governments and all companies, the concept of abuse of market power bas been considerably narrowed down in a footnote to a key provision in the text.

Included on U.S. insistence, this says that wbether a business practice is ebusive should be examined nn a case-by-case basis in the light of its purpose and effects on the actual market, and wbether it affects the foreign trade interests rather than the domestic industrial interests of the bost developing country.

The "organisational, managerial and legal relationshipk among the enterprises concerned" must also beexamined to determine whether the restrictive effect occurs only within the related enterpises or elso spreads outside them.

Governments remain free to enact local laws concerning the control of restrice business practices but developing conntries are asked not to discriminate in favour of domestic companies. Industrialised countries are asked to take account in their own regulations of the interests of developing conntries, such as the ned to boost home industries and promote cooperation with other developing nations.

Business courses

Computerisation for the Small Business, London. July 1-2. Fee: £165 (plus VAT). Details from Eurotecb Management Development Service, 13 Holder Road, Aldershot, Hampshire, GU12 4RH.

New Dimensions of International Competition, Strategy and Structure of European Enterprises, Fontainebleau, France. June 23-25. Details from INSEAD, Boulevard de Constance, 77305 Fontainebleau, France.

What's New in Quality Management, London. June 3. Fee: £85 (plus VAT) members, £100 (plus VAT) non-members. Details from Heed of Conference Registretion, British Institute of Management Foundation, Management Houee, Parker Street, London WC2B 5PT.

Quality Circles, Gerrards Cross. June 10. Fee: £90 (plus VAT). Details from Executant Management Consultants, 29 Octagon Parade, High Wycombe, Bucks.

Quality Circles, London. June 2-3. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Business Telecommunications—a technology review for senior management, London. June 18-19. Fee: £275 (plus VAT). Details from Online Conferences, Argyle House, Northwood Hills, Middlesex HA6 1TS.

Personal Development for Organisational Change, Uxbridge, Middlesex. Jnne 23-25. Fee: £195. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Alternatives to the Patent System—developments in the protection of industrial design and knowbow, London. Juna 27. Fee: £94. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingbam, Rutland, LE15 9PY.

Marketing Management, Switzerland. June 23-July 4. Details from Managemeot Centre Europe, avenne des Arts 4, B-1040 Brussels, Belgium

Comprehensive Cost Reduction, Bradford. June 29-July 4. Fee: £260. Details from The Course Secretary, Finance and Accounting Programmes, The Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorksbire BD9 4JU.

Strategic Marketing, Cranfield, Bedford. June 23-July 4. Details from Cranfield Scbool of Management, Cranfield, Bedford.

Unfair Dismissal, London. July 11. Details from The Registrar, Charterhonse Management Courses, 240 Charterhouse Square, London EC1M 6EA.

Sales Management, St. Helens, Merseyside. July 7-11. Fee: £72. Details from Administrative Officer, The School of Management Studies, The St. Helens College of Technology, St. Helens, Merseyside, WA10 1PZ.

Building a Successful Small Business, London. July 3-4. Fee: £180 (plus VAT). Details from Eurotecb Management Development Service, PO Box 28, Camberley, Surrey.

The Senior Secretary in Management Today, London. June 24-26. Details from The Industrial Society, Peter Rnnge House, 3 Carlton House Terrace, London SW1Y 5DG.

Business Books

Women in International Business. N. L. Thal and P. R. Cateora in Business Horizons (U.S.). Dec. 79: p. 21 (7 pages).

Examines the extent of opportunities for women managers in international divisions of major corporations, the cultural obstacles and biases that limit their acceptability abroad—and what organisations should do about it.

An Introduction to Quality Control Circles. D. Hutchins in Industrial and Commercial Training (UK), Jan. 80: p. 8 (7½ pages, cbarts, diags., bibliog.).

A description of the Japanese-developed concept of quality control circles and their use in other countries; examines bow they work and points to factors in their alleged success; answers questions about their applicability and acceptability.

Japan's management style suffers transplant trials

BY JASON CRISP

AN English personnel manager respoosible for more than 700 people in e Midlands angineering firm took a similar position with a Japanese company in the UK. He took six months to find out wbat his job entailed. It was doing the chairman's filing.

Not very many Japanese companies operate in Britain, though the Government is keen to attract them. Twn seninr members of the present administration, John Nott and Lord Trenchard, have already been to Japan to tell them our labour relations are no worse than those of other countries, and they sbould invest in Britain. An "inward investment" delegation of Japanese companies bas also visited Britain recently.

Bnt in spite of e number of reports of good labour relations and high prodnctivity in Japanese companies in the UK, it is oot all a bed of roses. A revealing seminar at the beginning of this month, organised by ICERD (International Centre for Economics and Related Disciplines), showed that many British managera had considerabla difficulty in adapting to tbe Japanese style of management. It would also appear that the Japanese are nnt always totally enthralled with their British workforces.

Though there geoerally is goodwill on both sides, a yawning chasm exists between the two management styles.

the part of Briitsh managers working for the Japanese was the lack of opportunity for promotion, and often they did not hold jobs with real responsibility or power—however grand their titles might be.

This, you might say, is reminiscent of complaints from everyone who work for e foreign owned company and who does not fare aa well as the parent company's nationals.

The very strong grip the Japanese beve on their UK subsidiaries might be attributed to their relatively recent arrival in this country, but it would appear from the British managers who spoke at the conference to be much more powerful and pervasive than, say, the infinence of American-owned companies—of wbom similar complaints used to be made.

A good example of the difference in styles in management was demonstrated by more than one manager who remarked that when the British *are* promoted, their colleagues are often mystified as to the Japanese management's choice.

As one explained: "Somebody who is 100 per cent competent at bis job can be passed over in favour of somebody who is not. The Japanese seem very unprofessional in their assessment of personnel. Their concern is mnch less directed at whether someone is competent or not than at people's relationships with their colleagues, end at their general attitude."

There would appear to be at least two very significant differences in management style which are not easily comprebended by the British.

First, a manager's tasks are not at all well defined in Japanese companies. Even the borderline between someone wbo is a manager and someone wbn is not is not clearly defined, as it is in this country. And then there is a lack of job description. British menagers complained that they were not quite sure what they were supposed to be doing and thet the Japanese preferred to build the job eround the man.

The second, and even greater, difference is in what the Japanese see as desirable cbaracteristics in a manager. While we admire competence and depth of knowledge the Japanese care about attitude and breadth of knowledge. Because most non-nationals bave not worked for the parent company in Japan, they cannot grasp the breadth of the company as well as a Japanese.

In Japan the good manager is a generalist. One of the results is that the manager can be shifted into a completely different job for which he has no skills, and for no apparent reason and without consultation.

The seminar revealed a considerable difference in the experience of British menagers working for trading companies and banks on the one band, and manufacturing companies on the other.

Th trading bouses, all based in London, bad predominantly Japanese staff and the small number of British "managers" seemed to be much more frustrated than those working for manufacturing companies. Several of the British working in a trading bonse admitted that, in spite of their titles, they were not really part of management at all.

One argued that the culture difference between the Japanese trading bouses and manufacturing industry was probably as big as that between East and West. Certainly those managers from mennfacturing companies appeared to be more content and to have more responsibility. There were also genearly fer fewer Japanese in the company —in one only the financial director was Japanese.

Nobumitsu Kagami, of the Nomura Research Institute, explained that the trading bouses were less dcentralised than manufacturing companies, whicb is why they would want to retain a prominently Japanese management. He said that trading bouses and banks traditionaly attracted Japanese university graduates who bad studied English; they were easier to send overseas than their counterparts in manufacturing companies.

Anotber suggested reason for the better integration of non-Japanese in manufacturing companies was that such firms are based ontside London, unlike most of the trading bouses. The Japanese in manufacturing had to mix with the local population, rather than just socialise within the close Japanese community in London.

It was generally agreed that "culture shock" was mainly felt at the top levels of the companies. As nne maneged with considerable experience working for the Japanese comented: "The lower echelons are seldom aware of these differences."

A study* of Japanese companies by the International Centre for Economics and Related Disciplines showed, not altogether surprisingly, that the companies rated their Japanese employees more highly than their Britieb staff. On work performence, attitude, adeqnacy nf qualification and time-keeping ICERD found the Japanese were being marked highest.

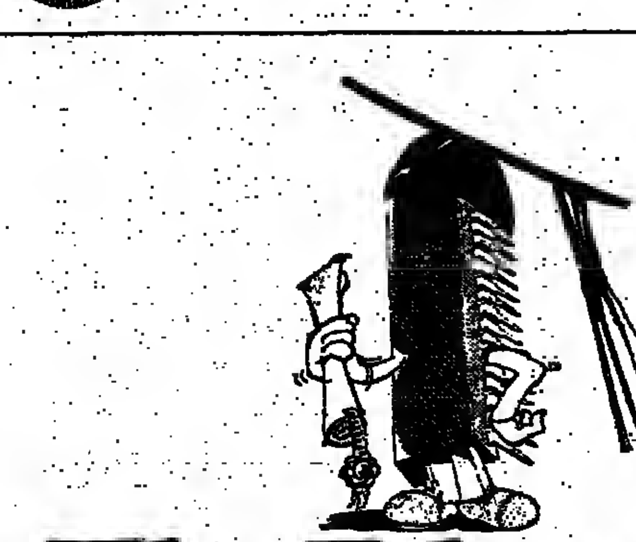
The greatest dissatisfaction with local staff was found in the banks, perticularly with the time-keeping of female employees. Curiously, although the banks said their Japanese male staff were rated very highly for work performance, they too were merked down for time-keeping, qualifications and attitode.

The report notes that British female staff are evaluated most poorly by the companies, followed by British male employees. The bighest evaluation waa for Japanese male staff, followed by Japanese female. It also found that the Japanese companies were more dissatisfied with wbite-collar staff than with manual workers.

Japenese inveatment in the UK is still comparatively low. But the Japanese Ambassador in Britain, Naraichi Fujiyama, told the seminar that the number of companies coming to Britain was bound to increase.

Managers toying with the idea of working for the Japanese might note a comment made by Mr. Kagami wben he was trying to explain why the British came up against promotion problems: "The typical Japanese manager who is bere in the UK is in middle management, where the competition is very, very fierce. Any outsider is a potential threat."

* *The Development of Personnel Monagement in Japanese Enterprises in Great Britain (interim report).* *International* Centre for *Economics and Related Disciplines, London School* of *Economics, Houghton Street, London, W.C.2. 01-242 3388.*



THE PROPERTY MARKET BY MICHAEL CASSELL

St. Paul's partnership reassembles interests

PATERNOSTER Developments, formed in the early 1960s by the Church Commissioners and three major property companies to redevelop the bomb-ravaged precincts of St. Paul's Cathedral, has with a minimum of fuss been liquidated.

The move follows the aale over the last 12 months of two of the resulting scheme'a major properties and the company has now been replaced with a partnersbip agreement effectively maintaining—for the time being at least—jont ownership of the remaining investments.

Paternoster started work on the £8m redevelopment scheme in 1962. The Church Commissionars took a 40 per cent sharebolding in the venture and granted a 150-year leaae on the land, running from 1960.

The otber partners in the development were Trollope and Colls (now part of Trafalgar House), John Laign Construction (Laing Properties since the split of the contracting and property operations) and George Wimpey, each of which held a 20 per cent stake.

The seven-acre scheme provided over 600,000 sq ft of new space, mostly on 35-year leases, in an area almost totally burned to the ground following incendiary raids in December 1940. Built in phases spanning several years, it includes one 18-storey office block, thrae 10-storey office blocks between Warwick Lane and St. Paul's undarground station and two further blocks adjacent to the cathedral. A raised shopping precinct and car park was also included.

Ever since completion, the development bas provided a substantial source of iocome for the parties involved while its capital valne has multiplied many times over during the last 20 years.

In March last year, Prudential Assurance paid £15.75m for the long leasehold on Juxon House, the 108,000 sq ft building which forms part of the Paternoster complex and where Barclays Bank Trust is the main tenant. In a separate deal, nearby Sheldon House was bought back by the Church Commissioners.

As a result, the partnersbip found itself left with the so-called north site, comprising a group of office buildings close to Newgate Street. The Ceotral Electricity Generating Board is the biggest aingle occupier.

Apart from slimming down the partnership'a property boldinga, leading to a liquidation eoabling it to realise the aale proceeds (Laing Properties' latest annual accounts include under the surplus on disposals a £4.29m figure arising out of sbares in an aaaociated company) there has also apparently been some rearranging of the method of income distribution.

All the original partners bave retained their proportionate holdings under the fresh agreement but the Church Commissioners have now opted for a device which enables them to receive their income by way of rent rather tban as a mixture of rent and the dividend payable by the former private company —a move presumably designed to keep tax liabilities to a minimum and one wbich might also enbaace capital values.

The four partners say tbey bave not gone out of their way to spell out the recent changes in their agreement as, in essence, little bas changed. But the reorgamisation must raise questions about the future of the partnersbip and the likelihood of further sales, either to existing partners or to outside purchasers like the Pru.

It would certainly not be surprising to hear that discussions about the partners' respective future interests in the properties remaining were taking place.

Consortium in U.S. deal

A CONSORTIUM of British pension funds and Grosvenor International — the overseas trading arm of Grosvenor Estates—has purchased a 50 per cent stake fn a 382,000 sq ft office block in San Francisco. The consortium, West Coast Frechold, which includes the British Rail, British Airways, Boots and British Broadcasting Corporation pension funds, declined to reveal the purchase price but the building at the corner of Market, Post and Montgomery streets is thought to have a market value of around $40m.

The consortium acquired its balf share in the building from Aetna Life, the U.S. insurance group which had jointly owned the hulluing with Foremost-McKesson, the conglomerate which is among the top 100 U.S. companies, and which will continue to use the building as its world beadquarters. Jones Laog Wootton acted for the consortium.

● Snn Alliance and London Assurance has financed, on a sale and leaseback basis, a new £1.8m F. R. Northcott development at Darnley, Glasgow. The scheme covers 64,000 square feet, together with a 25,000 square foot garden centre, and embraces a 21,000 square foot Dodge City retailing operation. F. R. Northcott bas taken an overriding 35-year lease on the entire site with five-year reviews at an initial annual rental of £105,000. The capital consideration was in excess of £1.5m, the balance being reflected by additional fitting out expenditure. The return to the fund is in excess of 8½ per cent. Conrad Ritblat arranged the financing and Northcott were represented by Weatherall Hollis aod Gale.

● Trust Securities (Holdings) is asking a basic rent of only 90p a square foot in a bid to attract a single tenant for its 230,000 square foot building on the Broadoak Trading Estate, Trafford Park, Manchester. Joint letting agents are Elliott Son and Boyton and Weatherall Green and Smith.

● More than 27,000 square foot of office space at rentals of around £10 a square foot, has been let in two separate deals at 15 Lower Regent Street, London SW1. Around 16,000 square feet has been let to Foster Wheeler Petroleum Developments with D and J. Levy and Michael Laurie acting for landlords Town and City. In a separate deal RTZ Services bas taken just over 11,000 square feet on the second and third floors of the building.

● Banco de la Nacion Argentina bas taken a lease on 11, Ironmooger Lane, City, the 1967 building which offers 16,685 sq ft of banking hal and office space and which has been modernised by Prudential Pensions. The rental is in excess of £30,000 a year and the letting was arranged by Jones Lang Wootton.

Unfinished scheme for sale

DEVELOPERS WITH a phobia ahout pre-development delays might consider with interest the latest offering from Mr. Michael Heseltine, Secretary for the Environment.

The Minister has already announced several initiatives aimed at speding up the planning and development process but tbis week be offers what must be the ultimate solution—the ready-laid foundations of a 140,000 sq ft office block in Stockport.

With the public expenditure cutbacks and the Government's decision not to pursua any further a civil servant dispersal programme, Mr. Heseltine is offering by tender the 5.4 acre Stockport site which was to bave housed the Office of Population, Census and Statistics.

Closing date for tenders is likely to be late September and the bighest bidder will receive the foundations and ground floor slab which bave already been put down. It is understood that the Property Services Agency has spent about £1m on the developmant when a halt was called and that the decision saved is something in the region of another £5m.

The agents, Ball and Percival and Debenham Tewson and Chinnocks, reckon that developers will be able to use much of the expeosive preliminary construction work.

The surrounding area baa largely been developed to provide either botel or leisure facilities and consultations with the planning authorities have indicated that the purchaser could use the unfinished site in a variety of ways, ranging from a hotel and conference ceotre to exhibition halls, residential use or office space.

It looks as though offers over £600,000 upwards will be considered from anyone who is convinced they can successfully finish off what someone else started.

New £14m estate for Harlow

THE UNCERTAIN ecooomic outlook for British industry is not inhibiting French Kier Property Investments and Combined Petroleum Companies Pensions which are pressing ahead with plans for an industrial estate at Harlow new town.

Combined Petroleum is to provide the fioance, of up to £14m, for the development which will eventually provide 430,000 sq ft of industrial and warehouse accommodation on the 23-acre site.

The first phase of construction including around 170,000 sq ft is expected to be completed early next year and will provide for individual units of between 2,500 sq ft and 8,500 sq ft, or a combination of units of up to 65,000 sq ft.

Agents Hillier Parker May & Rowde nand Conway Relf say that prospective tenants have shown considerable interest in the first pbase, despite the economic outlook for industry.

Under the terms of the deal, Combined Petroleum will take a 150 year ground lease, with 10 year rent reviews, from Harlow new town development corporation which will retain the freebold. Harlow was one of the new towns chosen for last year's new town asset disposal programme.

The site was originally leased to French Kier which used the area as a storage depot. French Kier will under the new arrangements, take a sub-lease on the site from its partner Combined Petroleum.

The timing of later pbases of construction will depend upon reaction to the first phase of the development. The site bas already been cleared and construction work begun.

Rental income from the scheme will be shared between the developers with the largest slice going to Combined Petroleum.

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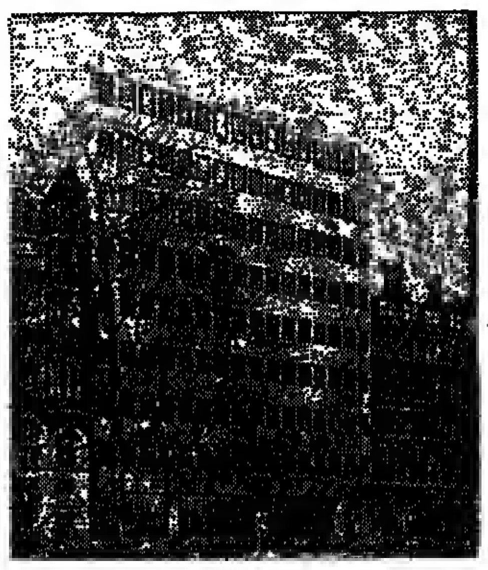

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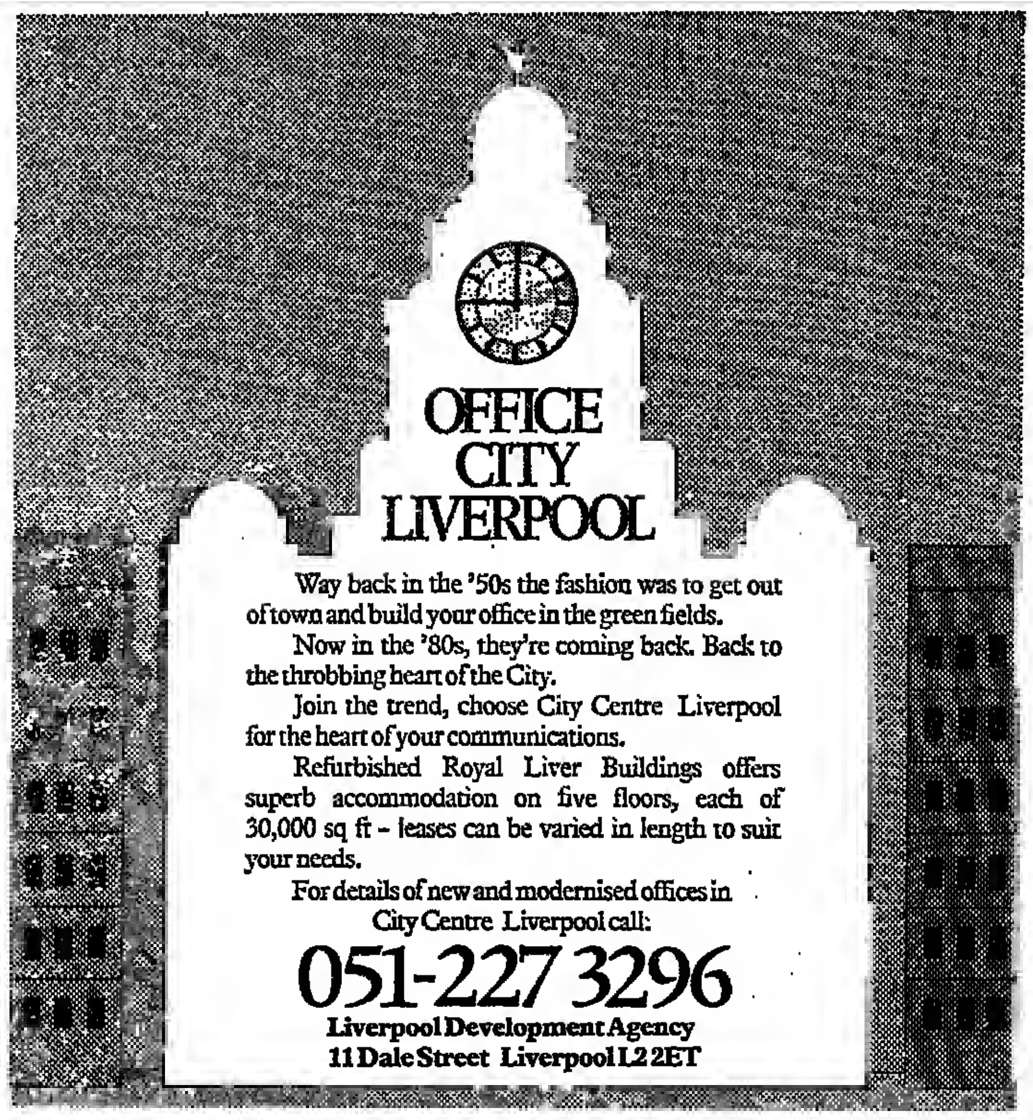

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COMPLETE STEEL FRAMEWORK FOR SINGLE-UNIT FACTORY BUILDING Approx. 47,000 sq. ft., ready to erect: nuts, bolts, etc. Seen on site.

Contact: Mr. J. E. Walkers, Newman Granger Engineering, High Holborn Road, Codnor Gate Industrial Estate, Nr. Ripley, Derbys. Tel. Ripley (0773) 43566

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Modern Single Storey **FACTORY** with Offices

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TELEX 916048 AYLSFD G

AYLESFORD

INTERNATIONAL PROPERTY SURVEY
FRIDAY, 6th JUNE, 1980

The Financial Times is planning to publish a survey on International Property. The main headings of the provisional editorial synopsis are set out below.

INTRODUCTION

Overseas investment opportunities have come in for closer scrutiny during the last twelve months though heightened interest has not yet been converted into a significant upturn in foreign purchasing or funding activity. The fresh wave of interest in property markets around the world—likely to prove a major talking point at the annual congress of the International Real Estate Federation to be held in Greece in June—has been largely prompted by the growing shortage of prime property investment opportunities in the UK and by the removal of exchange controls.

THE MARKETS

The remainder of the Survey will carry reviews of the property market in the following places:

HOLLAND
WEST GERMANY
FRANCE
SPAIN
BELGIUM
IRELAND
ITALY
THE UNITED STATES
CANADA
THE FAR EAST
AUSTRALIA

For further details on editorial content and advertising please contact:

Cliff Caunter or Simon Boyd
Financial Times, Bracken House,
10, Cannon Street, London EC4P 4BY.
Tel: 01-248 8000 Telex: 885033

BOND DRAWINGS

NOTICE OF REDEMPTION TO THE HOLDERS OF:
LJUBLJANSKA BANKA 9½% GUARANTEED NOTES 1983

NOTICE IS HEREBY GIVEN that the following notes were drawn for redemption on the 15th July 1980.

Notes of U.A.E. Dirhams 50,000 each

7	12	10	24	28	30	48	56	87	68	73
88	99	102	112	12t	125	t30	137	142	148	165
172	184	187	t81	207	2t1	221	225	233	236	244
247	253	258	264	287	288	280	270	292	297	306
330	332	341	350	383	365	368	372	380	390	393
400	407	412	474	417	423	426	428	420	432	433
441	456	488	471	482	400	408	503	509	5t0	811
514	522	528	571	578	588	588	600	856	857	679
880	693	705	707	718	722	725	734	747	748	740
764	774	778	788	701	802	826	838	840	841	850
855	857	858	864	874	898	906	909	9t2	815	028
033	038	036	947	957	963	973	975	977	080	082
869	998	1009	1015	1018	t030	1056	1069	t075	1078	1084
1114	1t25	1129	1132	1151	1155	1166	1t78	1180	1t82	t180
1102	t215	1217	1233	1234	1240	1243	t248	t283	1256	1265
t206	1273	1286	13t2	13t3	t324	t326	1369	1370	1378	1381
1383	1389	t40t	1407	1423	1424	1425	1465	1467	1477	148t
1510	1523	1529	1534	1540	1541	t542	155t	1556	t558	1569
1587	1597									

On the 15th July 1980, the notes designated above will become due. Said notes will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at

(a) Fiscal Agent, British Bank of the Middle East, PO Box 242, Sea Road, Abu Dhabi, United Arab Emirates;

or

(b) The British Bank of the Middle East, 80 Bishopsgate, London EC2P 2LA.

Coupons due 15th July 1980, should be detached from the notes and collected in the usual manner.

On and after the 15th July 1980 interest shall cease to accrue on the notes herein designated for payment.

LJUBLJANSKA BANKA
BY BRITISH BANK OF THE MIDDLE EAST
ABU DHABI

PUBLIC NOTICES

NORTHAMPTON BOROUGH COUNCIL
Leisure Opportunity for a Commercial Interest
Midsummer Meadow Unheated Open-Air Pool

Any commercial company interested in operating and developing Midsummer Meadow Pool as a public leisure facility should contact:

G. G. Bott
Chief Leisure and Recreation Officer
Leisure and Recreation Department
Cliftonville House
Bedford Road
Northampton

to discuss in detail the facilities and proposals.

The facility comprises a large open-air pool in a secure enclosure, one mile from the Town Centre. The area of the pool, grass and paving in the enclosure is 1.93 acres. The pool is 110 yds. x 27 yds. with a depth varying from 2 ft. 6 in. to 9 ft., with a separate paddling pool.

There is a modern filtration and chlorification system with adequate control, basket storage, changing cubicles, toilet facilities and a small catering area.

CITY OF BIRMINGHAM
GAS AND WATER ANNUITIES

NOTICE IS HEREBY GIVEN that in order to prepare annuity repayments due on the 1st July, 1980, the ANNUITIES REGISTER will be CLOSED from 1st June to 15th June, 1980, both dates inclusive.

W. S. PAGE,
Principal Chief Officer
& City Treasurer.

The Council House,
Birmingham B3 3AB.

CITY OF BIRMINGHAM
MORTGAGE LOANS

NOTICE IS HEREBY GIVEN that the REGISTER of Mortgages will be CLOSED to Transfers from 1st June to 30th June, 1980, both dates inclusive.

W. S. PAGE,
Principal Chief Officer
& City Treasurer,

The Council House,
Birmingham B3 3AB.

SLOUGH BOROUGH COUNCIL

£700,000 Bills issued 14.5.80 due 13.8.80 at 16¹/₃₂%.
Total Applications £8,300,000.
Outstanding Bills £700,000.

TAMESIDE METROPOLITAN BOROUGH COUNCIL

£3,600,000 Bills offered 9.5.80 for payment 14.5.80 due 13.8.80 at 16⁵/₃₂%. Application totalled £40.2m. No other Bills outstanding.

TAYSIDE CORPORATION BILLS

£3,000,000 Bills issued 15th May 1980 at 16¹/₃₂% to mature 14th August 1980. Applications £2,000,000. Outstanding £6,000,000.

ROTHERHAM CORPORATION BILLS

£2,000,000 Bills issued 14th May, 1980 at 16¹/₄% to mature 13th August 1980. Applications £20,500,000. Outstanding £3,000,000.

COMPANY NOTICES

GRESHAM INDUSTRIES LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO SHAREHOLDERS
DECLARATION OF PREFERENCE
DIVIDEND No. 57

NOTICE IS HEREBY GIVEN that a dividend at the rate of 6% per annum on the 6% Cumulative Preference Shares in respect of the six months ending 30th June, 1980 (equivalent to six cents per share), has been declared by the Board of Directors payable on the 30th June, 1980, to Preference Shareholders registered in the books of the Company at the close of business on Friday, 30th May, 1980.

The dividend is declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between *Rand and Sterling on the 13th June,* 1980.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15% from dividends payable.

For the purpose of paying the above dividend, the Preference Share Register will be CLOSED from the 31st May to the 13th June, 1980, both days inclusive.

Dividend cheques in payment will be posted on or about the 30th June 1980.

By Order of the Board.
B. C. CRAGG.
Secretary.

Registered and Transfer Office:
220, Commissioner Street,
Johannesburg
London Transfer Office:
Granby Registration Services,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU.

SOUTH AFRICAN IRON AND STEEL INDUSTRIAL CORPORATION, LIMITED
(ISCOR)
WAGONWHEEL CIRCLE
PRETORIA (SOUTH AFRICA)

US$50,000,000 1975/1978/1990
FLOATING RATE NOTES

We inform bondholders of the above loan that at the borrower's request all outstanding Notes will be redeemed at par as from June 12, 1980, ex coupon No. 10. In accordance with Article 3 of the fiscal agency agreement, the above redemption concerns the following Notes:

— 80 Notes of US$500,000 nominal.
—158 Notes of US$100,000 nominal.
—325 Notes of US$ 10,000 nominal.

Redemption will be effected at no cost by the following paying agents:

—Credit Commercial de France,
105, Avenue des Champs-Elysees,
75008 Paris (France);
—Kredietbank N.V.,
Arenbergstraat 7,
1000 Brussels (Belgium);
—Manufacturers Hanover Limited,
8 Princes Street,
London EC2R 8AO (UK);
—Manufacturers Hanover Trust Company,
350 Park Avenue,
New York, NY 10022 (USA);
—Westdeutsche Landesbank Girozentrale,
Friedrichstrasse 56,
4000 Dusseldorf, West Germany.

Fiscal Agent
CREDIT COMMERCIAL DE FRANCE

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK
0¼% U.S. Dollar Bonds of 1978
Due May 15, 1980

Pursuant to the terms and conditions of the loan, notice is hereby given to bondholders that during the eleven-month period ending May 14, 1980, U.S.$5,000,000 of the European Investment Bank's 0¼% U.S. Dollar Bonds of 1970, due May 15, 1989, were purchased by the Purchase Agent for account of such Bank in satisfaction of the Purchase Fund.

As of May 15, 1980, the principal amount of such Bonds remaining in circulation was U.S.$70,000,000.

EUROPEAN INVESTMENT BANK
May 16, 1980.

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS

US$30,000,000 6¼% 1967-85
NOTICE TO BONDHOLDERS

The US$2,000,000 redemption instalment due June 15, 1980 has been partly met by purchases in the market up to the nominal amount of US$730,000 and completed by a drawing of bonds to the nominal value of US$1,300,000 on April 30, 1980 in the presence of a Notary Public.

Distinctive numbers of the bonds drawn:
17015/28048 INCLUSIVE taking account of previous repurchases.

Outstanding amount after the redemption on June 15, 1980: US$10,000,000. Bonds drawn will cease to bear interest on June 15, 1980. Bonds presented for repayment must have their coupons as at June 15, 1981 and subsequent attached and will be paid in accordance with the conditions shown on the bonds.

Previous redemption instalments:
Repayment on June 15, 1979:
20300/22880 inclusive,
taking account of previous repurchases.
Repayment on June 15, 1978:
2913/4590 inclusive,
taking account of previous repurchases.

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

KOMATSU FORKLIFT CO., LTD.
(CDRs)

Referring to the advertisement of January 8th, 1980 the undersigned announces that as from 23rd May, 1980 bonusdiv. cp. no. 7 Komatsu Forklift Co., Ltd. will be payable in cash with US$253.51 per CDR repr. 1.000 Shs. of Yen 50 at Kas-Associatie N.Y., Spuistraat 172, Amsterdam.

AMSTERDAM DEPOSITARY COMPANY N.Y.

Amsterdam,
May 7, 1980.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
NEWRY DANIELS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the office of Lawrence Woolfson and Co., Oxford House, 9/15 Oxford Street, London, W1 on Tuesday, the 27th day of May 1980, at 11.45 o'clock in the *fore noon, for the purposes mentioned* in sections 294 and 295 of the said Act.

Dated this 9th day of May 1980.

By Order of the Board
Michael David Morris
Director

TRAVEL

EDUCATIONAL

LOMBARD

Looking for an Italian miracle

BY JONATHAN CARR

THE EUROPEAN Community circus is said to be producing a new turn to make the public in the nine member states catch its breath. According to several accounts, the Council of Foreign Minislers performing in Italy at the end of this week will put on a masterly conjnring display. To a hurot of applause from EEC capitals, it will produce out of a hat the long-sought solution to Britain's budgetary dispute with the rest of lhe EEC. The effect will be so dazzling that the recent Luxembourg flop will be promptly forgotten. It will simply he lefl to Britain's Mrs. Margaret Thatcher, West Germany's Helmut Schmidt, Fraoce's Valery Giscard d'Estaing and their colleagues gratefully to acknowledge the miracle when they meel on ao island off the sinking city of Venice next month.

Bluffing

What speako in favour of this view is that at the end of the Luxembourg gathering the differences between Britain and its partners were alleged not to be large—although several of the participants were very hot and bothered. Herr Schmidt was offering Britain quite a lot of money over a short period. Some others were offering less money over a longer one. All that is needed now, surely, is to close a pretty small gap—and lhal cannot he beyond the wit of reasonable men.

The British feel that the Germans are bluffing when they say that their offer is no longer on the table. The Italiaps, currently chairing the EEC Council and therefore actively seeking a compromise which will grace their period of responsibility, apparently feel the same.

No doubt there is an element of bluff aboul it. But if the foreign minister, Herr Genscher, tries to underwrite in Italy the kind of costly solution Herr Schmidt proposed—but then withdrew—in Luxembourg, he will he on a oerious collision course with Herr Matthoefer, the Finance Minister, in Bonn.

So what? It is the job of a foreign minister, is it not, to see an issue like the budget in a hroad policy perspective—and it is the role of a finance minister to fight doggedly, then pay up.

That is all reasonable and true as far as it goes. But it leaves out of account a few personal elements, not often mentioned but which nonetheless oboulb be put in the scales loo. For one thing it is clear that a rivalry has developed in the foreign council between Herr Genscher and Lord Carrington, Britain's superstar, who among other things pushed through the Rhodesia accord when Germans and others felt it impossible. Gone are the days when Herr Genscher with his political weight and years of experience could easily dominate a council with such relative lightweights as Britain's David Owen or France's Jean Sauvagnar Gues. Not that Herr Genscher and Lord Carrington do not see eye 1o eye on many world issues. But on the budget they are opponento—and there is particular pressure on Herr Genscher, in this context, not to be seen to come off second best.

Further, suppose Herr Genscber and Lord Carrington do agree (with the other seven) on a budget compromise. What is the guarantee that Mrs. Thatcher will noi pull the rug from under the accord—and make Herr Genscher look silly for having gone so far. There is a recent precedent in another context. Herr Genscher felt that he had the agreement of Lord Carrington that existing contracls ohould be included in the economic sanctions the EEC is planning against Iran. He strongly defended this view in lhe Bonn Cabioet — only to find that Mrs. Thatcber in Luxembourg took quite another line. Herr Genscher la said to be very cross Indeed — and understandably chary of walking into a similar trap.

It might well be good for the EEC if the foreign ministers came up with a compromise which their chiefs had not thought of. It could mean that In future the European Council (summit) meetings could be properly devoted to hroader policy issues, not horse trading. So let us hope for a miracle initially. After all, such events are said to he relatively numerous there.

'Workshop' back in business

BY ANTHONY MORETON

AROUND BRITAIN

GLASGOW

EVEN A quick drive around Glasgow's rundown East End today cannot fail to impress the outsider with what is being done to bring new life to this part of the city.

At one time, 60 or more years ago, the suburbs of Calton, Bridgeton, Sbettleston, Parkhead and Dalmarnock were known as the workshop of Glasgow. By the late 1940s the whole area had slid downhill to become the most socially deprived part of Britain. Some of its critics even called it the worst in Europe though, to he fair, it bas never witnessed the sort of poverty to be found in, say, Naples.

This deprivation was unfortunately compounded by the corporation's short-sighted attempts to alleviate the situation. For years the council's main aim was to move people out to the tower blocks on the edge of the city. No private housing was allowed, and such industry as was not closing of its own accord was squeezed out. And since the council did little to clear the empty buildings, vandalism soon turned the area into a massive derelict site.

As the people were moved out so the age profile of those remaining went up. In 1951 the population of this part of the city was as high as 145,000—In 1978 it was 45,000. Unemployment was high, as much as 27 per cent in some parts, and waves of homeless and wines made it their base.

It was against this background that GEAR — the Glasgow Eastern Area Renewal project—was set up in 1976 by Mr. Bruce Millan, then Scottish Secretary. GEAR, within its short life, has become one of the most imaginative inner-city rejuvenation schemes in Britain. It has brought a dynamism to the area which is helping to lift the morale of a people who had loog since accepted that their place in lifa was at the bottom.

GEAR's involvement is visible everywhere, literally on every street corner. The project, which comes under the Scottish Development Agency's director of urban renewal, Mr. Richard Colwall, has tidied small sites, planted trees and bushes, created play areas, levelled other sites, cleaned houses, pnt up small factories, altracted in businesses and saved others from pulling out. It has also attracted in the private builder: the first houses for sall to go up in generations are being built at Tollcross Park.

The strategy behind GEAR was to draw together the various authorities concerned with the area, health, housing, councils, employment, under the aegis of tha agency and produce a coherent plan for renewal. This concentrated on derelict land clearance, reversing the population migration and attracting new industry.

The East End is not totally bereft of industry. Among the larger employers there are still Hoover at Cambuslang, Beardsmore, British Steel, United Biscuits and United Glass. But the smaller firms are largely gone and there were few of the feeder firms which do subcontracting.

One of the problems GEAR faced wao that no one appeared to know who the existing employers were. So the first priority was to identify them and then encourage them to remain and expand.

The workshop programme instituted to stop the decline bas been successful. More than 3,000 jobs are being created or supported and over 100 factories are being built or modernised.

Hundreds of acres of derelict land are being transformed and hundreds of new houses and the attendant services are being put up. By the end of this year it is estimated that 200 factories will have been completed, two of which will be of 10,000 sq ft.

That touchstone of success, the attraction of private money to a depressed area, is also apparent. An £8m chemical plant at Cambuslang is going up and other private firms are show definite interest in the area.

The Tollcross Park private bousing shows the way in which private building is playing its part. It is not easy for a builder to put up bouses speculatively in an area which has been shunned by so many for so long. But the builder's task is made eaoier by the fact that GEAR looks at the total environment and is not just seekin gto put back industry. For example, it has pursued an active policy of smartening up many of the tenament blocks. Internally, the flats have been modernised and externally the stonework has been wasbed down and the woodwork given a coat of paint. These may seem obvious things to do but they have not been obvious in Glasgow'o East End for several decades.

To offer facilities other than good housing the GEAR team has installed the first Astroturf sports ground in Scotland at a cost of between £250,000 and £300,000. It bought an old sports ground site from the transport departmant and has turned it into a modern stadium.

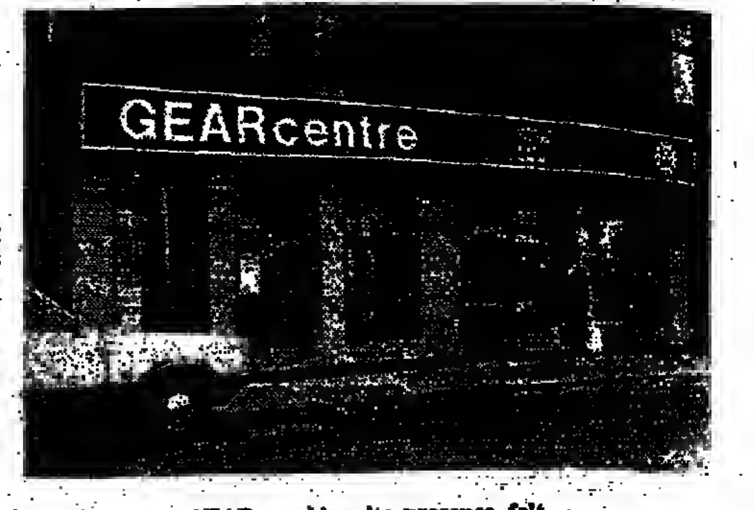
Nursery factory units—35 in all—are provided at Annick Street: all places have gone and there is a waiting list. Now a 250-acre site at an ex-steelworks is being clasred to allow for further development.

Nor is white-collar employment being neglected. The agency bought a 250,000 square foot factory belonging to Templeton Carpets and it is proposed to turn it into a business centre. The Templeton works is of historical and arcbitectural interest and is a protected building. In Glasgow it is sometimes known as tha Doges' Palace.

The intention is that the factory will provide room for small workshops, offices and possibly the agency's small business division which at present operates from the headquarters in Bothwell Street. It is boped that other central management services will be provided from this base, such ao typing pools, and private sector partnerships.

Such progress pleases Mr Colwell immensely, but he knows there is still a long way to go before the evidence of decades of neglect is wiped out.

What is important ia that people in the area know that GEAR is doing these things. GEAR makes oure of this hy blownig its own trumpet. Its signs are everywhere and the response among ordinary people is sufficient to ansure that the £150m project will make a very big difference to at least one corner of Glasgow.



GEAR—making its presence felt.

Good Lassie is worth a chance

RACING

BY DOMINIC WIGAN

SEVEN WERE lost at the final declaration otage for today's £10,000 added Sir Charles Clore Memorial stakes al Newbnry, leaving a disappolnting turnout of nine fillies, none of which seems likely to set the Oaks market on fire.

Although Willie Carson's mount The Dancer showed promloe as a two-year-old, it transpired that she could already have lost most of the sight in her left eye when she proved a disappointment in the Criterium des Pouliches on "Arc" day.

In view of reports that she has become quite highly strung on losing vision from that eye, and is also without tha benefit of a run (although she won a "mock race" stagad for a television documentary), it is probably safer to pass her over.

The best win-and-place bet in the race is God Lassie. This strong daughter of Violetta III, who is already responsible for Oaks runoer-up Furioso, and the Irish One Thousand Guineas winer Favoletta prodnced a smart turn of foot to get up and beat Rock Goddess and 17 others in a six-furlong malden event at Newmarket in October after being off the course for three months.

In spite of a recent poor ohowing in the Playboy Pretty Polly Stakes, Good Lassie is worth a chance to atone.

Brian Taylor, Good Laosie's rider has a number of other likely looking mounts and could well start the afternoon the right way through the once-raced Precious Moments in tha Penlee Maiden Stakes. This Ryan Price— traiped colt put up an encouraging display on his débnt

While most leading jockeys are in action at Newbury, Lester Piggott and Joe Mercer can he found at Newmarket. Both look set to improve on their current scores but Philip Waldron has in Triumphant the best prospect.

NEWBURY
2.00—Precious Moments
2.30—Bird's Custard
3.00—Good Lassie**
3.30—Pitiless Panther
4.00—Balinger
4.30—Wolf Cub

NEWMARKET
2.15—Rehohoam
2.45—Norfolk Flight*
3.15—Lenygon
3.45—Star Venture
4.15—Triumphant***
4.45—Manilow

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 3.20 Dechrau Canu, Dechrau Canmol (Welsh hymn-singing). 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Baggy Pants and the Nitwits. 4.40 The Red Hand Gang. 5.00 In the Limelight with Lesley.
5.35 Captain Pogwash.
5.40 News (London and South East only).
5.55 Nationwide.
6.20 Nationwide.
7.00 It's A Knockout.
7.50 Citizeo Smith.
8.20 The Sun Trap.
8.50 Points of View.
9.00 News.
9.25 Strasky and Hutch.
10.15 Rosie (London and South East only).
10.45 Regiooal, National News.
10.50 Match of the Day: Northero Ireland v Scotland.
11.35 The Late Film: "The Syndicate."

All Regions as BBC-1 except as follows:

Cymru / Wales—1.45-2.00 pm Bys a Bawd. 4.40 Crystal Tippo and Allstair. 4.45-5.10 Bahol Bach. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20 Plant y Paith. 7.50-8.20 Haf o Hyd. 10.15 Radio Wales Brass Band of the Year. 10.45-10.50 Regional National News.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.00-9.00 Sportscene: Northern Ireland v Scotland. 10.15 It's A Kuockout. 11.05-11.35 The Suntrap.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Aronnd Six. 10.15 The Jazz Club. 10.45-10.50 Regional, National News. 1.10 am News, Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Straight Talk; North (Leeds) Beneath the Pennines; North East (Newcastle) Mike on Friday; North West (Manchester) Voices from the Past?; South (Southampton) Lion of the North Sea; South West (Plymouth) Two Men And A Boat; West (Bristol) Movie Magic.

BBC 2

6.40-7.55 am OpenUniversity.
11.00 PlaySchool.
2.15 pm Racing from Newbury.
4.50 Open University.
6.55 The Colliers' Crusade.
7.25 Mid-Evening News.
7.35 Gardeners' World.
8.00 Robbie.
8.30 Vikings!
9.00 Sing Country.
9.40 Playhouse.
10.40 Cartoon.
10.45 Newsnight.
†11.30 The Outer Limits.

LONDON

9.30 am Schools Programmes. 11.55 Beany and Cecil Cartoon. 12.00 Songbook. 12.10 pm Once Upon a Time. 12.30 Moneywise. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 After Noon Plus. †2.45 Friday Matinee: "All For Mary." 4.15 The Boy Merlin. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 The Cannon and Ball Show.
8.00 Hawaii Five-O.
9.00 The Gentle Touch.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Luke's Programme.
12.45 am Close: Personal choice with Roy Hudd.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Fantasy Island. 5.15 A Sharp Intake of Breath. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 7 Days. 11.00 Friday Late Film: "Deadlock." 12.45 am Christians In Action.

ATV

1.20 pm ATV Newsdesk. 2.45 "Jolson Sings Again." 5.15 Happy Days. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 The James Stewart Star Movie: "Call Northside 777."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Chopper Squad. 5.15 Fanglace. 6.00 Lookaround Friday. 6.30 You're Only Young Twice. 8.00 The Incredible Hulk. 10.30 Springsport. 11.00 Friday Night Movie: "Blind Terror," starring Mia Farrow. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 2.45 The Friday Matinee: "Twin Detectives." 6.00 Report At Six. 6.35 Ladies' First. 8.00 Vegas. 10.28 Channel Late News. 10.35 Brown Study. 10.55 TV Movie Premiere: "Death Stalk." 12.10 am News and Weather In French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "Don't Take It To Heart." 6.00 North Tonight and Area Weather Forecast. 6.30 A Sharp Intake of Breath. 8.00 B.J. and the Bear. 10.30 Reflections. 10.35 "Shock Treatment," starring Alain Delon. 12.20 am North Headlines and Road Report.

GRANADA

11.50 am The Bubbles. 1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: "They Don't Clap Losers." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 11.00 Public Office. 11.30 House of Horrors: "Straight On Till Morning."

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Kangaroo." 5.15 A Sharp Intake of Breath. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 A Man Called Sloane. 10.35 Report Extra. 11.05 The Friday Film: "River of Mystery."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.48-11.08 am Cymru A'r Mor. 11.55-12.10 pm Mister Cici. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Noah's Castle. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Agenda. 11.40-12.35 am Vegas.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Friday Matinee: "Barnacle Bill." 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 Streets of San Francisco. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "Cold Sweat."

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Fantasy Island. 5.15 Happy Days. 6.00 Day By Day; 6.00 Scene South East (South East Area only). 6.30 Out of Town. 8.00 Streets of San Francisco. 10.30 Southern News Extra. 10.35 Opinions Unlimited. 11.05 Soap. 11.35 The Late, Late Premiere: "The Man Who Couldn't Say No"

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "Band Waggon," starring Arthur Askey and Richard Murdoch. 5.15 Happy Days. 6.00 Sportstime. 6.25 Northern Life. 10.30 North East News. 10.32 Friday Live. 12.00 WKRP in Cincinnati. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "Gangway." 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.00 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "The Stranger Who Looks Like Me." 12.25 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Twin Detectives." 4.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 8.00 Vegas. 10.32 Westward Late News. 10.36 Sportsline. 10.55 TV Movie Premiere: "Deathstalk." 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubbles. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "The Night We Got The Bird." 5.15 Take My Wife. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 11.00 The Friday Night Film: "No Blade of Grass."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Sam Dance (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Marke In His Diary. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News and 12.05 am Sports Desk. 2.02-5.00 You and the Night and the Music (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Roussel (S). 9.55 Konstanty Kulka violin recital (S). 10.15 BBC Northern Ireland Orchestra (S). 11.00 Young Artists Recital (S). 11.50 Byrd: Cantiones Sacrae of 1589 (S). 12.15 pm BBC Scottish Symphony Orchestra, part 1 (S). 1.00 News. 1.05 BBC Scottish Symphony Orchestra, part 2 (S). 1.50 Bach: Goldberg Variations (S) including 2.20-2.35 Interval Reading. 3.20 A Revolution In Polish Music (S). 4.10 Music For Oboe and String Trio (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡and mono only from 6.20). 6.55 Play It Again. 7.00 Three Choirs Concert (S). 8.00 Concert From Newcastle, part 1 (S). 8.00 The Festival Scene. 8.20 Concert, part 2 (S). 10.00 The Traveller by Graham Swannell (S). 10.35 A Bach Toccata (S). 11.00-11.05 News.

VHF Only—Open University—6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Down The Garden Path. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 The Opiate of the Masses. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 The Shaw Festival: Press Cuttings. 4.10 Mastermind of Gardening (S). 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 John Ebdon with the BBC Sound Archives. 12.00 News.

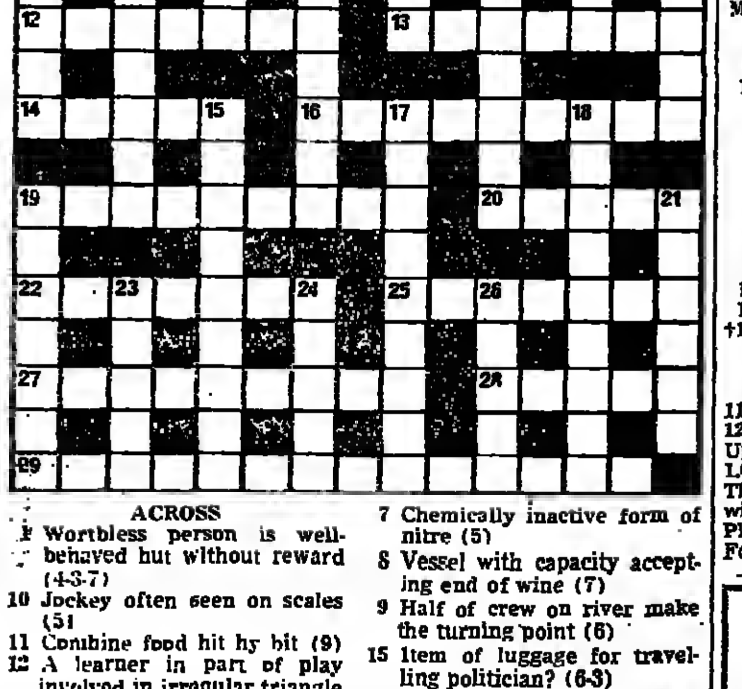
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,273



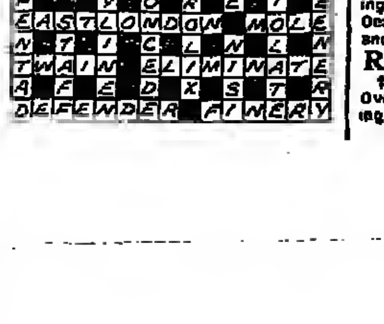
ACROSS

1 Wortbless person is well-behaved hut without reward (4-3-7)
10 Jockey often seen on scales (5)
11 Combine food hit hy bit (9)
12 A learner in part of play involved in irregular triangle (7)
13 Style to give a right to (7)
14 Scot I upset is indifferent to pleasure or pain (5)
16 Agitate feathers to make a temporary bed (5-4)
19 Painter pretending partially to explain (9)
20 Race around small pipe (5)
22 Pet hurt hadly in plant (7)
25 Refrain from giving sailor a mark (7)
27 Catch sweeper using manual cleaner (4-5)
28 First of nutrients found in cheese and salt water (5)
29 Sound of busy line or token of intended union (10-4)

DOWN

2 Strange chap dismissed as a misfit (3-3-3)
3 Note in dreadful lament (5)
4 Work on newspapers or it could be a tyrant (9)
5 Female relative is initially efficient and nice about it (5)
6 Pleasure excursion people start taking could he just what the doctor ordered (9)
7 Chemically inactive form of nitre (5)
8 Vessel with capacity accepting end of wine (7)
9 Half of crew on river make the turning point (6)
15 Item of luggage for travelling politician? (6-3)
17 Rough material could make Hank a atar (9)
18 Musical drama company turn it on for action (9)
19 Strained in time (7)
21 Delicate offer of service (6)
23 Regretting putting half of us in circle (5)
24 Straw to drag over French men (5)
26 In this manner he right and temperate (5)

Solution to Puzzle No. 4,272



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Cinema

A life of many meanings

by GEOFF BROWN

The Tin Drum (X)
Odeon Haymarket
The Great Rock'n'Roll Swindle (X)
London Pavilion
The Evictors (X)
Classic Victoria, Classic Leicester Square
Halas and Batchelor
National Film Theatre

Pens in universities are no doubt poised at this moment to thrash out the eternal battla between literature and cinema, comparing and contrasting Volker Schlondorff's film *The Tin Drum* with Gunter Grass' famous novel, wbicb made such s stratrling impact on its appearsnce in 1959. Having nn detailed knowledge of the book I cannot join the fray, though I note from a burried survey of the Penguin edition (almost 600 pages long) that the sequences cbosen for filming generally follow the original closely, and the presence of Grass as collsboratnr on the dialogue obviously counts for a large degree of fidelity. But wbat seems important st the study desk is rarely so important at the Odeon Haymarket. Whatever its source, audiences will find *The Tin Drum* to be s film of power and sccomplishment.

Tbe story it tells is by turns pathetic and satirical, and above all bizarre. The hero, Oskar, is a grocer's son from the Free City of Danzig, born in the 1920s and so repelled by the adult world that he stunts his physical growth by falling down the cellar steps on his third birthday. As a present he receives a tin drum painted claret red and white; thereafter be rarely makes a step without it. By the end of the film version this anarchic, disengaged *wunderkind* is 21, though still a child ln height. He bas seen Nszism creep insidiously into his family life; be bas observed the long-standing love affair of hls mother (Angela Winkler) with her cousin Jan (Daniel Olbrychski); be himself has made love to the servant girl. He and bls drum have witnessed the first shots of World War Two, later touring German troops with the midget Bebra's Frontline Theatre.

Oskar's life plainly contalns many meanings. On one level his blatant denial of adult responsibility reflects on the awful dilemma of Germsns under Hitler (including Grass himself, born in Danzig ln 1927 and briefly a member of the Luftwaffe). On another it reflects the common desire to prolong childhood innocence as much as possible. But all meanings are centred on the hero, and here Schlöndorff bas been spectacularly fortunate, for the performance of the 12-year-old Dsvid Bennett is one nf great force. With his deep-set, heavy-lidded eyes, the boy displays that look nf terrible, inborn knowledge that beings from other planets sometimes attempt in science-fiction films. He thus gives conviction to the weirdest details—the apecial screams he musters thst shatter glass in grandfather clocks, spectacles and historic buildings; bis placing of Waldmeister fizz powder on various parts of the servant girl's body.

Scblöndorff has bsd much experience in converting novels into films (past authors bave included Robert Musil, Böll and von Kleist). And he certainly bolds a tight rein here, never allowing the materisl to become impossibly grotesque. He is also careful to provide the story with s realistic base in Danzig society, with lts lower middle-class Germans and Poles struggling to get by. There are a few jarring moments: the part of a Jewish shopkeeper, for instance, is disconcertlngly played by Charles Aznavour, dubbed lnto German. But in general one resdlly accepts Schöndorff's snd Osksr's perspective: *The Tin Drum* is a film of harsh truths, harsh beanty, and dafinitely not to be missed.

★

All told it basn't been a week fnr delicate senslbilities. *The Great Rock 'n' Roll Swindle* is a quasi-documentary about tha Sex Pistols, the Punk Rock gronp who conducted s brief but disastronaly successful experiment in lowering standsrds of musical—and human—bebaviour at the end of the Seventies. A film project had been in the pipeline since 1977, when they were the scourge of Jnbllee Britain with an anti-Royalist hit single. Russ Meyer, Americs's purveyor of high-gloss pornography, was to bave directed them in an opus called *Who Killed Bambi?*

This lickily collapsed; in the intervening years the project bas grown from the Disney lampoon Meyer envisaged to the amazingtly clumsy hybrid now hefore us. It's a witches' brew of archive Pistols footage, TV interviews, live-action and animation fantasy, written and directed with a wild disregard for taste and logic by Jullan Temple, a recent grduate nf the National Film School.

David Bennett as Oskar in 'The Tin Drum'

Many would consider the Sex Pistol's relentlessly loud, sneering music a sufficient bandicap for any lfim. But *The Great Rock 'n' Roll Swindle* is msde in sucb a baphazard way that it would be objectionable even if its subject were Pesrl Carr and Teddy Johnson. Proceedings at least begin witb a framework—the ten lessons of the Pistol's former manager Malcolm McLaren, wbo with blithe candour portrays bimself aa a dedicated swindler of record companies, the public, tbe media and ultimately the group itself. Lesson five, for instance, is "How to gel money from the record company of your cboice"; lesson seven is "Cultivate hatred." The points are then demonstrated through the Pistol's career. There is the ransacking of the A & M Records office (seen in animation), which allowed a lucrative contract to be quickly concluded before any comitments were fulllfied. There are the especially staged perambulations of Sld Vicious in Nazi *T*-shirt through a Jewish area of Paris; his performance of "My Way" before a bejewelled audience, culminating in revolver shots aimed at the front rows. But no amount of lessons can tie all the material into a meaningful whole, and it doesn't lake long for the lm to resemble aome rubbish domp of celluloid. *Swindle* obviously contalns material to interest pop music fans and cultural propbets of doom, but its contribntion to cinema is distinctly negative.

★

Notbing overwbelmingly pleasant hsppends in *The Evictors* either, but there is at least some logic and skill in the presentation. Tbis is an American borror film from the well-stocked stahles of American-International; the dlrector is Cbarles B. Pierce, usually associated with low budget Westerns.

But *The Evictors* displays a new toucb of class, with its network of sepia flashbacks and solemnity of pace — the latter entirely suited to its sombre tale of a Louisiana farmbouse wbose inhabltants always succumb to violent, inexplicable death. Micbael Parks and the perennially frightened Jessica Harper provide the archetypal nice couple wbo proudly set up their thelr bome only to find a scribbled note saying "I want you to move" stuffed lnto the mailbox. Like many horror films, *The Erictors* is at its best when the horrors are being contemplated, rather than being met with face to face. Some venerable clichés appear in the cllmax, but there are still many things in the film's favour — not least the brooding air of undefined menace that hangs over the small-town environment.

But for those desperate for sometbing absolutely harmless, there is only one suitable new attrsction in London: tbe short Halas and Batchelor season at the National Film Theatre, which begins on Monday for four consecutive evenings. Hungarian1boro John Halas and his wife, Joy Batcbelor, hold a unique place in British animation bistory for thelr contribution over 40 years to spoosored films. Thelr cartoons have persuaded audiences to save war-time scrap for salvage, to cross roads carefully, to avoid infection wblle on active service in the Far East, and to understand mathematical principles. They bave advertised oil, gas, German savings banks, wool fibres and some forgotten tasty morsels called Tudors whicb were on sale in 1970 for 5p. They bave also experimented with 3-D, puppets, and fashiooed the first British cartoon feature from George Orwell'a *Animal Farm* (showing on Tuesday). Their ingenuity, indeed, knows no bounds, and it's good to bave the cream of their output on display.

Royal Shakespeare Theatre

The Maid's Tragedy

by B. A. YOUNG

This lively play by Beaumont and Fletcher—names that go togeber as unequivocally as Swan and Edgar?is wbat they call a "tragi-comedy." Tbe tragedy is there in plenty; there sre almost as many deaths ss there are in *Hamlet*; but we aren't expected to take it vary seriously, or to explore the philosophy involved, which in this csse is minuscule indeed.

But though we needn't take the tragely seriously, we ougbt to take the plsy more seriously than Barry Kyle does in hia production, whihc often seems like s send-up. Luckily it is saved by some admirable playing in the good sceoes wlth which the play abounds. Sinead Cusack's Evadne, measuring truth against hypocrisy as sbe shifts from evil to repentance, is the very msge of blsnd deceit when she reveals to ber new busband, young Amintor (Rob Edwards), that the King has only commanded bim to marry her so tbt sbe can be handy to sleep with him. "A maldenhead, Amintor?" she laughs. "At my years?"

Amintor was formerly betrothed to Aspasia (Dominl Blythe, a welcome capture from the Transatlantic Stratford). Her curious way of righting tbings is to go away and come back disguised as her brother, lately in the wars, then taunt Amintor until he stabs ber, which she does with much boyisb puncbing and kicking. Amintor's regret, when he finds who she really is, makes him stab bimself as well.

But mucb bas happened during Aspasia's absence. Amintor'a friend the heroic Melantius, on discovering his sister Evadne's sbame, compels her at knife-point to undertake the sssassination of the King, which she accomplishes by tying his hands snd feet to the bedposts ("What pretty new device is this?" asks the King) and stabbing him repeatedly, with a little dance of triumph round the bed. (She stabs herself later, of course.) Melantius (Tom Wilkinson) is tragi-comedy itself in the scene where be persuades her to the murder; excellent too in a scene with old Caliansx, a Polonius-figure wbo Raymond Westwell playa as a Prussian gcoeral, carrying bis swordstick even wben be is in bis dressing-gown. The social duel where Melantius makes Calianax give up the fort he commands is really very funny.

When Francis Beaumont and John Fletcher were ao clearly aware of the intrinsic absurdity of their romantic tragedy, Barry Kyle's additional jokes are only vulgar. Judlth Blaod's costumes, spanning two or tbree centuries, are silly. Rob Edwsrds in a kind of lounge suit addressing the King (John Carlisle) with bis hands in his pockets; Evadne's other brother Diphilua drinking from a hock-bottle; Dula entertaining the ladles with a transistor rsdio; Amintor throwing all the ghsstly cane chairs with wbich the stage is furnished st the guilty Evadne; music in a near-pop vein by Nick Bicât — tbe play can get by witbout this kind of commonness, as indeed we saw lsst year at the Citizens. Tragedy-comedy need not be tragi-farce. Fortunstely Beaumont and Fletcher win the contest, and give us a delightful evening.

Wigmore Hall

The Songmakers' Almanac

by DOMINIC GILL

Tbe Songmakers' Almanac do not give recitals but, in the old-fasbioned sense, Entertainments. Sometimes their inspiration leans a little too heavily on the sentimental aod the coy; sometimes the literary and verbal part of the programme overburdens the music and song. But at its best, a Songmakers' eveniog is original and provocative, delivered with splendid finesse, aod compiled with unnsual lmagination and akill.

Wednesday nlght's was among the best: snd was sustained on this occasion by four performera alone—Graham Johnson at the plano is the only constant member of a cast wblch changes at every appearance. The theme, subtitled "If Fiordiligi and Dorabella bad been Lieder singers . . ." proposed a sequence of songa and duets for sisters. Sisters have always been plentiful; and the veln is, not surprialngly, a rich one. But lt was Grabam Johnson's decision to shape bls programme, in the broadest sense, slong tbe lincs of *Cosi fna Tutte*—a sequence in six parts, beginning witb "Sisters ln love" sod passing through "Constancy," "Weakening" and "Capitulation" to "Reconciliation"—which gave the best excuse to broaden the canvas, and to sesson it with a number of songs that might otherwise bave seemed entirely irrelevant: notably seven great Wolf songs from tbe 1talian and Spanlsh Songbooks.

The voices were Fellclty Lott, Ann Murray and Richard Jacksoo — the man's a small, supporting role. Songs *about* aisters (like Brabms's unusually sprightly "Die Schwestern") were outnumbered by songs *for* sisters (like Scbubert's little *Sing-Ubungen* for the young Esterbazy countesses, or Fauré's splendid "Tarentelle" for Claudie and Marianne Viardot); but both were outnumbered by songs whicb almply fitted into the *Cosl* scheme. And that was no disappolntment: for they were best, or most unusual, aongs and they were th eones to which Miss Lott and Miss Murray brought their warmest and keenest concentration.

In a ligbter interlude, George be can love" and Hermsnn Darewski's "Sister Susie" were sung separately, and then together in witty combination. Kurt Weill's magnificently sugar-spun setting of Ogden Nash's "Tbat's Him" (from the wartime musical *One touch of Venus*) was a real find, and done with real style. I'd not beard the two early Britten duets, aettings of Montague Slater and Auden, before—nor Britten's two attractive duet arrangements of Purcell. Scbumann's *Botschaft* is a lovely duet that should be beard mucb more often. But finally it was the Wolf whicb echoed, and re-echoed, most strongly in the mind: could all three singers come back one evenlng, maybe, between Almanac sessions, and give us Wolf alone?

New York theatre

Off-Broadway

by FRANK LIPSIUS

The first act of Michael Weller's *Split* shows the playwright at his incomparable best at using the familiar pbrases of bis own mid-1930s generation gently to mock them. Paul and Carol's successful marriage is like an exquisite, delicate vase which teeters on a tabletop when they argue during preparations for an intimate dinner party. They try to hold themselves back with an extreme reasonableness that only kindles the explosion. John Heard and Brooke Adams make the perfect specimens in this study of "relationsbip management," as directed by Carole Rothman and produced by the Second Slage.

The second act, which finds Paul and Carol uncomfortably meetin gother friends after their marriage does break np, shows the jagged edges, but also the inertia of the vase sbattered in pieces on the floor. Compared to Weller's superb skill at turnlng bis generation's ordinary conversation into humour without demeaning his characters ("I do not recognise us in this cnnversation," Carol says at one point), tbe second act is broad alapstick, an unfortunate distortion of the playwrigbt's talent, but one that fits the tenor of off-Broadway theatre lhis season.

A succession of plays by young playwrights have been built round exaggerated characters who say funny lines and perform funny scenes, but fail to cohere tbeir bita into solid lmpressions. Arthur Bicknell's *My Great Dead Sister* at Playhouse 46 begins with a hilarious scene of two teenagers whn get caught parading in women's skirts. Charles Micbael Wright as one of the boys runs the gamut of exaggerated emotions, from exuberant playfulness to sullen withdrawal. He would have stood out better and been capable of more interesting development had the playwright not felt compelled to fill the atage with a grossly overweight sister ,one parent who drinks to excess ad the other facing terminal illness. The play sounds almost like a takeoff on current preoccupations in New York tbeatre, bad the writer been interested in mockin ghis peers more than his hapless characters.

Matthew Cowles makes an exceptionally effective drunk in Edward Allan Baker's down-and-out-in-Brooklyn play which is as succinct as its title, *What's So Beautiful About a Sunset Over Prairie Avenue?* The Ensemble Studio Theatre, as nsual, excels at getting the most out of limited resources, but the characters' depravity, once revealed, moves no further tban the next bottle of cbeap wine and further indignity.

One Mo' Time, subtitled, "An Evening of 1920s Black Vaudeville," is not short on indignity —or cheap alcobol for that matter. But the vitality of the four singers in the cellar of tbe Village Gate who recreate the jazz era ,replete with a New Orlesns band led by the 72-year-old trumpeter, Cladys "Jabbo" Smith, drowns the bickering ln a revivalist apirit. Though inspired by the Fats Waller musical, *Ain't Misbehavin'* and by now preceded by other musicala ln the genre, director and adapter Vernel Bagneris cleverly stakes out new territory by putting the backstage area right on stage—and filling the production with outstanding songs.

The Astor Place Theatre first tried exaggerated characterisations with familiar names in Dennis McIntyre's Modigliani. The effort succeeded lnsofar as the play was optioned for a film by Al Pacino, but ss a play, there is little more than carousing punctuated periodically by furious slapdash painting that, presto, produces masterpieces. Unknown characters do better in *A Coupla White Chicks Sitting Around Talking*, the story of two neighbours getting to know esch other in an exclusive New York suburb. Eileen Brennan as a newly-arrived Texan brings out the soul of the demure Susan Sarandon, wbose possibflities are evident from a hilarious opening scene in which she dances exuberantly to the Rolling Stones while baking biscults. Director Dorothy Lyman makes the best of playwright Jobn Ford Noonan's lines that give tbe backwoods southern woman the savvy the Westchester-county veteran lacks. An unfortunately conventional ending in wbich the southerner returns tn her busband ruins what could have been an outlandish exercise in role reversal and gay abandon. rodit.tkkqpig-

Hugh Griffith dies

Actor Hugh Griffith died at his London home on Wednesday, aged 67. Griffith—a Welshman —starred in numerous films, on television and on the stage in Britain and the United States during his long career.

He won an Oscar as best supporting actor in the epic *Ben Hur*.

Ronnie Scott's

Woody Herman

by KEVIN HENRIQUES

Veteran (well today *is* his 67th birthday) leader of big bands, Woody Herman thundered in and out of Ronnie Scott's on two nights thls week with his New Young Thundering Herd. Most, if not all, bis musicians were unborn when Herman, one of the all-time great survivors in jazz, fell into becoming a band leader in the mid-1930s. Bnt his latest Herd, like all previous editions, performs the music of the 1930s, 1940s and 1950s with tbe same relish, enthusiasm and conviction lavisbed on contemporary pieces auch aa the spectacular version of "Macarthur Park," Steely Dan compositions, snd Chick Corea's "La Fiesta."

As always Herman astutely gauges his audience's preferences, satisfyingly blending the oft-beard with the not-so-familiar and steadfsstly escbewing any sniff of cloying nostalgis or "trivia," as he calls it. Early Wednesday morning a handful of brand new and welcome additions to the repertoire were heard, highligbt of which was a stirring version of "Struttin' with some Barbecue," traditionally a New Orleans small group theme and rarely attempted by a big band.

There was a stiff dash of Ellington music mixed with an equally strong flavour of John Coltrane — the Frank Tiberi arrangement of the latter's "Countdown" was notable for some quite dazzling unison sax section work-outs.

For some years Tiberi bas also been the solo mainstay among the saxes but as bas been the case with several recent Herds tber is no truly outstandiog soloist io the other sections. Trombonist Nelson Hinds (excelling on "Bijou"), trumpeter/flugel bornist Jim Powell (lyrical on "Come Rain or Come Shine") and Tiberi bave been here before and carry out most of the solo cbores with aplomb rather than flair.

The leader's expressive soprano-sax wailed with Middle Eastern modal fervour, particularly on "Macarthur Park" wblle elsewhere his clarinet sounded noticeably more ahrill than ever before. The tonal colours of some of the compositions (sometimes five flugels in unison, or a combination of flute, plccolo and saxes, with a hsss trombone always sdding extra depth to the sound) are tbe stand-out features of the 1980 Young Thnndering Herd. Unusually the drumming is not as propulsive or as firmly effective as it needs to be with a band of this size (16 altogether). Bnt even this blemisb cannot diminish the Herd's tremendons impact. Among stopping places on its Britisb tour are Lewisham nn Sunday snd Hatfield on Saturday May 24.

Palladium Cellars

The Palladium Cellars, an exhibition of popular film and theatre history using animated dummies, was opened yesterday by Yul Brynner. The visitor enlers the exhlbition in Argyll Street and descends below ground to wend bis way through a couple of dozen *tableaux rivants* dominated by some of the most macabre cbaracters in the annals of sbowbiz, including Macbeth, Fagin, Sweeney Todd, Poe's Raven, Frankenstein, Dracula and the Phantom of the Opera.

Some of these characters and their attendants such as Macbeth's witches sddress the visitor directly; many others turn their beads and raise their arms. Dracula's fiery red molars sink into the lily-white neck of hia victim while in the Wild West saloon, which is another piece of vivid realism, John Wayne crooks his trigger finger menacsingly at the passer-by. There is also a continuous commentary on tape which tends to go on for a sbade too long, and will no doubt be cut wban the exhibition settles down.

The abow is the brain-child of Louis Benjamin, managing director of the Palladium, and has been most ingeniously devised by Micbael Carrerars and Monty Berman. Mr. Carreras and Monty Berman. Mr. Carrerars has spent much of his working life with Hammer films, and bas here indnlged his talent for terror-spectacle at the expense of other popular forms such as comedy and variety. We sup too full on horrors even for the appetite of most goulisb teenager. The Palladium's own tradition is squeezed perfunctorily into a Hall of Greats wbich the visitor sees after the shop at the end. It seems incredible that an exhibition mounted by the London Palladium should contain nothing of Gracie Fields, Max Miller, Syd Field, the Crazq Gang, Danny Kaye, Liza Minnelli and many others who are much more truly its own than Boris Karloff or Peter Cushing ever were.

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Credit growth still high

MONETARY growth is dead; long live credit growth! Some such irreverent thought is readily inspired by a quick reading of the latest monetary statistics from the Bank of England. The official aims of monetary restraint have now been achieved, with the growth of sterling M3 comfortably within the target range for the first time in many months; but this has been achieved in a month when new bank lending to the private sector reached a record of over £1.5bn. The contrast is of course exaggerated, but still needs to be explored.

The first point that needs to be made is that April simply presented in exaggerated caricature a situation which has persisted for many months. Public sector demand for bank credit has been abnormally low—indeed April saw a very large surplus after sales of stock—and private borrowing has been correspondingly much higher; the total growth of credit—domestic credit expansion, or DCE—has not been nearly as abnormal as the crude bank lending figures would suggest. Tax collection and funding have combined to drain money out of the private sector, which has been forced to borrow abnormally to restore its liquidity.

Moderate

In coming months it seems likely that high pay settlements and tax receipts, somewhat depressed by recession, will impose a more normal balance on the public sector, and that the private sector will be squeezed less. The bank lending figures will moderate, but monetary growth will not fall in step. Quite simply, one distortion will have been removed.

However, in a more fundamental sense, a gap remains which is significant. This is the large remaining gap between the growth in the officially defined money supply and DCE itself—its counterpart on the asset side of the banking balance sheet. DCE has to some extent been brought under control since the raising of interest rates last November, but it is still running at an annual rate of well over £7bn, or the equivalent of perhaps 15 per cent monetary growth. Such a contrast has in the past been the harbinger of a crisis over the exchange rate and the balance of payments. Now, though it is true that the balance of payments remains in deficit, the only worry about the exchange rate is its embarrassing strength. Things are clearly not what they used to be.

While it is possible to "explain" this gap in an accounting sense through a close study of such figures as the non-deposit liabilities of the banks, the external component in financing, and the counterpart of our rising foreign exchange reserves, the exercise is not very instructive. Fortunately there is a short cut. Much of what is odd and unfamiliar in the present figures can be traced to one influence: sterling is now a petro-currency.

Exchange controls

It is our present and prospective North Sea strength which enables us to have a deficit without a crisis, and which encourages foreign depositors to hold sterling, which finances lending above the growth in domestically-held liquidity. The abolition of exchange controls, another consequence of the North Sea, also explains some other oddities—the recourse by some British companies to direct borrowing overseas, and the growth of UK holdings of foreign currency.

In short, our oil-currency status greatly reduces the domestic discomforts of a squeeze on monetary growth, especially on the official definition—restricted to domestic holdings of our own currency. British businesses have readier access both to credit and to liquidity outside the system. Without this relief, the achievement of monetary growth nearly 10 per cent below the rate of inflation would imply a frightening credit crunch. As things are, it implies a much more bearable restraint.

If the Government's anti-inflationary objectives depended entirely on the restriction of money and credit, it might be argued that the North Sea leak makes the whole system slow and questionable—in effect, we are limiting monetary growth through a deficit on the balance of payments, which is hardly the objective. However, the North Sea has another consequence. The strength of the exchange rate is indeed a brake on many prices.

Costs

The combined effect of foreign competition and high, but not unbearable interest rates will no doubt slowly and painfully check both growth and inflation; but it is still possible to finance excessive increases in costs. Checking costs themselves and restoring healthy margins under this regime is likely to prove slow and painful.

The tragedy of Uganda

IT IS NOW over a year since Uganda was liberated from the eight-year tyranny of President Idi Amin. Yet the once prosperous East African country seems as far away as ever from achieving political stability, let alone realising its economic potential. Much confuson still surrounds the ousting from power last weekend of President Godfrey Binaisa, who himself supplanted President Lule only last June. Binaisa is still apparently in Uganda, and constitutionally still holds some powers as least until his successors appoint their promised presidential commission. But real power—in so far as that can be said to be concentrated in a state now so fractured as Uganda—appears to have reverted to the military, albeit to men of anti-Amin sympathies.

Dismissal

The immediate cause of the military coup appears to have been President Binaissa's decision to dismiss the Chief of Staff of the new and supposedly reformed anti-Amin army, Brig. David Ojok. Ojok served under former President Milton Obote, whom Amin ousted in 1971. From his exile in Tanzania last week, Dr. Obote declared his imminent return to Uganda to fight elections which the Binaisa's overthrow. This speculation, denied by Dr. Obote, has been reinforced by the presence of several other former Obote supporters on the Military Commission, in whose name the weekend action was taken, including that of the lone civilian, Mr. Paulo Muwanga, a minister in the Obote government, as in several subsequent Administrations.

The next few days may clarify the nature of the takeover. The Military Commission has said that it will appoint a presidential committee, apparently to rule until elections can be held; and has called its parent body, the 125 member quasi-parliament or National Consultative Council, into session next week to discuss its proposals.

Whatever the immediate reasons for Binaisa's overthrow, its roots go deep into Uganda's history and offer little but the most pessimistic prospects. Dr. Obote inherited from British colonial rulers a country which with its coffee, copper and cotton exports and rich farms was comparatively prosperous, apparently offering the hope of real development. Today, largely thanks to the depradations of the Amin regime, but at least partly because of Dr. Obote's economic policies, Uganda is almost back to a subsistence economy. The problems — including desperate shortages of the most basic goods and roaring inflation—are worse now then they were a year ago.

The tribal divisions between north and south were exacerbated by Dr. Obote as he crushed the political influence of the Kabaka of Buganda so that the Baganda, the single largest tribe, were enthusiastic when Obote was overthrown in 1971. The tribal animoisities are even deeper now after eight yars of Amin's brutal, tribal rule. The man who could hope to bridge that tribal divide is not in sight. But perhaps as serious a legacy of the past decade in Uganda has been the thorough demoralisation and then virtual destruction of the fragile institutions on which any state must depend for its stability.

Aid

The current attempt of East African leaders to help Uganda once more toward some semblance of order might succeed temporarily. President Nyerere, his own economy disastrously affected by the costly decision a year ago to use his army to help oust Amin, must devoutly wish it. The tragedy of Uganda over the past ten years is that it is now without a reliable civil service, or a dependable police force, or a disciplined army, to say nothing of a judiciary, or working economic institutions, on which to build that more secure future which its natural resources could provide.

Will Mr. Iacocca ask for more?

By IAN HARGREAVES, in New York

"THESE securities are highly speculative, involve a high degree of risk and should be purchased only by persons who can afford a total loss of the purchase price."

Thus, in the euphemism-free language of the lawyer, can the risk of investing in the Chrysler Motor Company be summarised.

The words actually come from page one of a prospectus issued by Chrysler in March offering $400m of debentures to dealers, suppliers and others with an interest in the survival of the company.

This week the U.S. Government six months after President Carter formally launched a Bill to bail out Chrysler, has finally agreed terms on which the U.S. taxpayer will invest in the country's third largest motor company—and not long ago its tenth largest industrial corporation. At $1.5bn in loan guarantees, the rescue is the biggest in American corporate history, dwarfing the $250m it cost to save Lockheed in 1977. What chance has the taxpayer of seeing a return on his investment — or even getting his money back?

The view of the members of the Loan Guarantee Board which vetted the terms is that Chrysler can succeed given government aid. This represents the board's "reasonable business judgment." By agreeing to authorise the programme, the board has said that beyond 1983 Chrysler will be able to function without external assistance and that it will start to pay back the guaranteed loans. Certainly Messrs. William Miller, Treasury Secretary, Paul Volcker, chairman of the Federal Reserve, and Elmer Staats, Comptroller General, cannot argue that they did not have the facts. They and their staff have spent four months poring over numerous rewrites of Chrysler's plans and projections, its loan agreements with over 300 lenders and all this at a time when the crumbling of the U.S. motor industry at the hands of the European and Japanese importers has provided enough off-stage thunder to terrify even the hardiest investor.

What the board found, when it first sat early in January to apply and oversee the terms of the Chrysler aid legislation passed by Congress in December, was a company which had stacked up a U.S. record loss of $1.1bn for the previous year, was losing market share (10.4 per cent last year against 13.6 per cent in 1976 and well under 10 per cent this year). Its debt exceeded net worth, it was in gross default on virtually all its loans and it had a reputation for bad management.

Like most bad reputations, some if it was justified, some of it was not. Its management had changed too frequently; it had allowed overheads to remain overweight even as the base of

Mr. Lee Iacocca: "the best car salesman in the U.S."

the company shrank; it was unprotected by a significant non-auto operation; and it had engaged in a disastrously inflexible policy of building cars for stock rather than in response to actual orders from its dealers. So when there was a downturn, Chrysler was more likely to get burned, as it did in 1974 and 1975—the time of last motor industry recession.

The other main accusations—that its products were poor and that they were the wrong products anyway — are only partially true Chrysler's product recall record is actually better in percentage terms than either Ford's or General Motors'. Whether its cars and trucks were really any shoddier than the average Detroit product is impossible to assess, but there is no doubt the market had begun to believe they were.

As for product availability, Chrysler was again no better and no worse than its competitors. It started work on its fuel-efficient, front wheel drive K-car in 1977 to be launched this autumn, and again in percentage terms has had a bigger relative output of smaller cars than either Ford or GM in the past year. But like its two larger competitors, and the American public, Chrysler made the mistake of thinking that the U.S. could live in the same way after the 1974 energy crisis as before it. Only last summer did the public change its mind, driving the "gas guzzler" very nearly out of business and opening the doors to an unprecedented influx of imported cars, which no whold over 27 per cent of the U.S. car market.

By last autumn, it was clear that these conditions—pointed up, but not in reality made much worse by government minimum fuel efficiency standards—had made Chrysler's survival impossible without either government aid or drastic reorganisation after bankruptcy.

In order to re-tool to build the vehicles the market wanted and the Government required, Chrysler needed $13.6bn between 1979 and 1985 (a figure reduced to $11.2bn with economies introduced since last October). At the peak of this capital spending programme, its inflow of funds from any reasonable projection of sales looked like falling as much as $4bn short of its cash needs. With Chrysler's record and prospects, no market would provide these funds.

Mr. Carter was afraid of the economic dislocation a Chrysler collapse would cause and worried by warnings from his staff that without Chrysler the importers would seize more than a third of the market (as it turns out they have very nearly done that even with Chrysler around). So he decided the Government should help.

This caused one of the bitterest disputes about business philosophy the U.S. has seen for some years. Eminent big business figures lined up against the abandonment of free market principles, as did the heads of some banks and important figures in Congress. But when it came to decisions, no-one was willing to be cast in the role of executioner. The Government was unwilling for obvious reasons of electoral popularity in key states; the domestic banks because of their image and because they calculated anyway that a bankruptcy could cost them more than keeping the company going on the right terms; and the foreign banks because they too were worried about their reputation and the political risks of enraging important sections of Congress.

Meanwhile, Chrysler under its new chairman, Mr. Lee Iacocca, kept saying it had changed. A vote for Chrysler was not a vote for the tired old company which nobody loved. As one would expect from Mr. Iacocca—a man with the reputation of being the best car salesman in America after a career at Ford which only stopped at the Number 2 chair because Henry Ford II did not like his style—the claim involves a good deal of sales talk.

The things that have changed voluntarily are the top management (four of the top six are Ford men) and the company's engine supplies. The last is critical, because one of the main factors in Chrysler's loss of market share has been its shortage of four cylinder engines, which it imports from Mitsubishi of Japan and Volkswagen of West Germany. In the model year which starts in October, Chrysler's New Jersey four cylinder engine plant will be on stream and, added to the imports, the company will have excess to 1m such engines. That is greater than the entire number of cars Chrysler sold last year and it is a position which will strengthen further in 1982 when a second engine plant in Mexico becomes operational, removing the need for most of the existing imports.

The bigger changes, however, have evolved under the duress of negotiating with government and lenders during what could turn out to be the worst post war slump in the motor industry.

Most important is the size of the company. Chrysler has announced the closure of four of its ten assembly plants since it started talking to government and has laid off indefinitely over 30 per cent of its hourly paid workforce, most of whom have little prospect of re-employment. White collar staff have also been sharply reduced. In terms of products, the company has abandoned its heavily argued claim that it could only survive as a manufacturer of a full range of vehicles. Its latest plan says that by 1984 it will build only small cars and light commercial vehicles, essentially with two model ranges plus a possible stretched version of one of these.

It has also, by any standards, enjoyed remarkable co-operation during the last harrowing six months from its workforce and trade union leadership. There has not been a dispute of significance over any closure or economy—a degree of co-operation formalised this week when Mr. Douglas Fraser, President of the United Autoworkers Union, was elected to the Chrysler board, the first union boss on an American board of directors. Whether this will improve workmanship on the shop floor remains to be seen.

Chrysler has also managed to keep alive its vital relationship with Mitsubishi in which the U.S. firm holds a 15 per cent stake and whose captive imports have accounted for a quarter of Chrysler's car sales in recent months. The company has also added to this a development of its relationship with Peugeot-Citroen. This could turn out to be no more than a loan deal, but the other forms of co-operation the two companies have disclosed, ranging from joint assembly in the U.S. to various technical co-operatives, represent perhaps the single most exciting long-term prospect for the smaller Chrysler, which has been forced to sell virtually all its non-American operations. Certainly the Peugeot link represents Chrysler's best chance of long-term prosperity in an age of even larger motor companies and there is strong evidence that Mr. Iacocca understands this, although he could have difficulties persuading American politicians that a bailed out Chrysler should be merged with a foreign firm.

These are the bull points, but what about the problems? They are numerous, as Mr. Iacocca frankly admitted to his shareholders' meeting in Illinois on Tuesday. "You could not make the task facing our company more difficult if you tried," he said.

The immediate problem is the retail car and truck market, which has been in slump conditions since last autumn, but which is now being forced lower by a recession in other parts of the economy. Chrysler's sales in the last few weeks have been more than 50 per cent below those of the same period last year.

This is happening when, in spite of the recent dramatic fall in U.S. interest rates, the prime lending rate is still over 16 per cent, which means that most dealers are paying over 17 per cent for their financing costs. A lot of would-be car buyers simply cannot get loans.

If this recession burns on through the launch of Detroit's new cars this autumn, slowing down the sale even of smaller cars as has been the case in the past eight weeks, Chrysler's K car launch in September could be a flop. If the K car flops, so will Chrysler. It will make heavier losses and require more funding than the Government expects even though by the government's estimates there is a $100m cushion against unforeseen events in the provision of the $1.5bn government aid. (Chrysler says there is a cushion of $1bn.)

The importance of the K car cannot be overstated. It is the core of Chrysler's product strategy for the next five years. It goes without saying that the car has to be of good quality, produced on time and with adequate service back-up in spite of Chrysler's depleted dealer network.

Those, includin ga man from the U.S. Treasury's Chrysler se5tion, who ha vedriven K car prototypes are enthusiastic. But they have to acknowledge that this autumn, Ford, too, will be ready with its first front wheel drive small cars for the U.S. market and that GM will be extending its range in an increasingly congested sector.

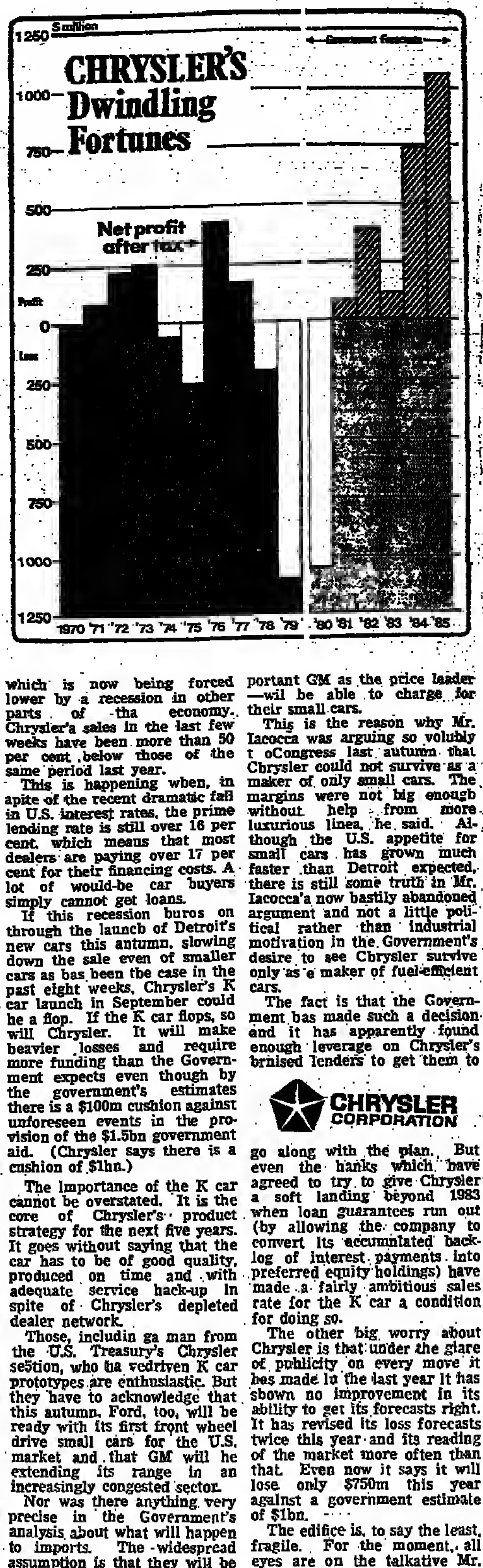
Nor was there anything very precise in the Government's analysis about what will happen to imports. The widespread assumption is that they will be driven back by a rejuvenated Detroit. There are powerful arguments in support of this view—the Americans still possess unique economies of scale in their home market—but at the very least the importers are likely to survive in sufficient numbers to have a strong bearing on the price which Chrysler—and more important GM as the price leader—will be able to charge for their small cars.

This is the reason why Mr. Iacocca was arguing so volubly t oCongress last autumn that Chrysler could not survive as a maker of only small cars. The margins were not big enough without help from more luxurious lines, he said. Although the U.S. appetite for small cars has grown much faster than Detroit expected, there is still some truth in Mr. Iacocca's now hastily abandoned argument and not a little political rather than industrial motivation in the Government's desire to see Chrysler survive only as a maker of fuel-efficient cars.

The fact is that the Government has made such a decision and it has apparently found enough leverage on Chrysler's bruised lenders to get them to go along with the plan. But even the banks which have agreed to try to give Chrysler a soft landing beyond 1983 when loan guarantees run out (by allowing the company to convert its accumulated backlog of interest payments into preferred equity holdings) have made a fairly ambitious sales rate for the K car a condition for doing so.

The other big worry about Chrysler is that under the glare of publicity on every move it has made in the last year it has shown no improvement in its ability to get its forecasts right. It has revised its loss forecasts twice this year and its reading of the market more often than that. Even now it says it will lose only $750m this year against a government estimate of $1bn.

The edifice is, to say the least, fragile. For the moment, all eyes are on the talkative Mr. Iacocca, who on Wednesday drove to the White House in one of the mini cars on which he hopes to rebuild Chrysler's future. There will be many more publicity coups where that one came from, but on balance it seems that it is only a matter of time before Mr. Iacocca or his successor is back at the White House asking for more.



MEN AND MATTERS

Mixing merry with politics

A simmering row between the Charities Commission and several of Britain's leading charities will be brought to a head at the weekend with a major BBC documentary on the politics of aid.

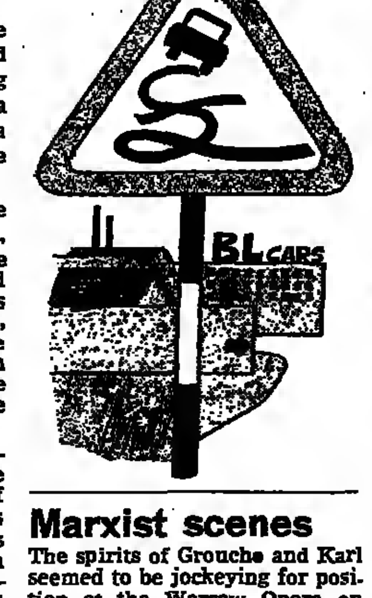
Timed to coincide with the end of Christian aid week, during which time around half a million charity workers aimed to raise more than £3m, it shows how charities like Christian Aid, Oxfam, and War on Want have been sucked into politics in their attempts to tackle the causes rather than the mere symptoms of poverty.

The powerful Charities Commission, critical of the "political" nature of some of the charities' activities, has warned that charitable status could be withdrawn—and, with it, crucial tax advantages — unless more controversial activities are dropped.

In this category would be aid to liberation movements like the SWAPO guerrillas in Namibia, support for trade unions and land reform campaigners in a number of Latin American countries, and involvement in the publication of documents on human rights issues. Oxfam has been advised to keep the word "change" out of its publicity material wherever it might have political connotations.

Many charity workers are convinced that aid is inherently political. The Revd. Kenneth David, who works for Christian Aid in Maharashtra in western India, says: "You can't avoid taking aides. If you are for combatting poverty then you are with the poor or with the status quo, supporting the ruling class.

"If you recognise that the slums (in Bombay) exist because of political and economic circumstances, then you have to tackle the political roots.



Marxist scenes

The spirits of Groucho and Karl seemed to be jockeying for position at the Warsaw Opera on Wednesday night, when luminaries of the Warsaw Pact sat stony-faced through 90 minutes of a military song and dance routine.

In the background, an enormous screen showed flashbacks of the glorious past. Joe Stalin himself strolled on a couple of times, but highlights of the Pact's fraternal activities in its own back garden were suppressed in deference to Hungarian and Czech sensibilities.

President Brezhnev, I am told, spent much of his time starting quizzically at Rumanian president Nicolae Ceausescu, who for 15 years has been unprepared to return the Soviet embrace in full. Ceaucescu kept his gaze studiously averted.

Finally getting into the spirit of the show, Brezhnev perked up when a lively cossack dance troupe appeared on the stage. And a catchy little number about the joys of conscription seemed to tickle the fancy of the assembled marshals and generals.

Revealing his salmon-pink credentials after the show, my informant introduced himself to Marshal Victor Kulikov, commander in chief of Pact forces. Sadly, he only had time to ask if any disarmament measures had been proposed before being firmly led away. "Nice to have met you," said Kulikov, waving to him.

Persistent Poles

I hear that the Church Commissioners have finally bowed to the curious set of circumstances surrounding the redundant Anglican church of St. John the Evangelist in Reading.

The original intention was for the demolition men to move in on the 150-year-old spire nearly two years ago. The vicar felt the church should be destroyed once his parishioners started attending a newly built church half a mile away. "We must have a clean break," he said at the time.

He was not to be swayed by a general brouhaha nor by the fact that the 1,200-strong Polish community offered £15,000 for the church, to be used for their traditional Catholic services in Polish. As things fall out, the Poles have won—though the price is now £30,000.

The spanner in the ecclesiastical works turned out to be the local Reading borough council, which refused permission for demolishing a boundary wall. "This placed us in an awkward position," admits Nigel Waring, a senior official of the Church Commissioners. "The only way to demolish St. John's was brick by brick. We came to the conclusion that we should after all look for another solution. The first in line were the Polish Catholics."

No grumble is to be forthcoming from vicar John McKechnie. "I above all wanted to maintain the parish as a going concern, and that meant making sure the cluster of emotions moved to the new parish church," McKechnie explains. He is satisfied that the emotional cluster has satisfactorily transferred itself.

Silver tongued

Wall Street is still nursing a severe hangover from the Great Silver Binge which left several venerable New York institutions a little shaky on their pins. In the circumstances, one might expect the main party-goers to keep their heads down until their antics are forgotten.

Not so. One firm, Conti Commodity, has been running a series of full-page advertisements in the Wall Street Journal offering what it calls "a review of some very basic yet very often violated rules for trading commodity futures."

The list of "crimes" is long and instructive, including greed, emotion, over-trading and "trying to carry too big a position with too little capital." The blurb concludes: "Alas, many commodity traders lose money for many of the same reasons."

Evidently Conti emerged from the silver market shake-down with cash enough to fund its publicity campaign. But it may be worth remarking that according to the Commodity Futures Trading Commission, Conti's parent had to inject $81m of additional paid-up capital into the firm at the end of March, as well as extend a $10m loan.

The CFTC tells me it was consistently concerned about the size of the foreign silver accounts carried at Conti, which included one for Naji Nahas, partner of the brothers Hunt.

Up to date

PHILIPS is employing a new marketing strategy for a new radio. The latest model, beautifully presented in an art deco walnut veneer cabinet, is a reproduction of the original model 634 introduced in 1933. With the choice of John Snagge as the promoter of this dignified pre-war memento one can only assume that Philips have discovered that being "simply years ahead" means going in for nostalgia.

Observer

POLITICS TODAY

The militants get into the act

MR. LEN MURRAY, the General Secretary of the TUC, is probably right: it will only be possible to make a proper judgment on Wednesday's Day of Action in about six months' time, or even later.

It depends which way you measure it. By all conventional standards, the protest was a flop. The turn-out was derisory, lower than anyone had expected the night before. Industry, by and large, went on working and public transport went on running. There were exceptions, to be sure: Fleet Street and Scotland, for example. But you do not redeem a bad production of Hamlet by giving a brilliant performance as the second grave-digger.

Yet there are other ways of looking at it. Mr. Murray now says that the TUC is "ahead of public opinion." It is true that there is an element of self-justification here. The purpose of the day of action has changed over time. The idea originally came from a resolution approved by the Trades Union Congress last summer. The date was fixed last December. Early this year, however, when the steel strike was under way and the Wales TUC was being particularly militant, the TUC in London came to see the day of action as an alternative to a general strike: something that would allow the labour movement to let off steam without going too far. In the event, the calls for a general strike died away and the TUC was left holding the baby.

Still, Mr. Murray can plausibly claim to have laid down a marker. If inflation and unemployment are still rising in six months' time, people may look back and say: "So that was what the TUC was on about. Maybe it wasn't so misguided after all." They may feel even more strongly if the same is true a year from today.

That, at any rate, is the theory. In practice, one suspects that Mr. Murray now hopes that nothing very much will happen until the annual congress in September. By that time, everyone will have had a chance to take stock. The Government will have come to its senses and have begun to revise its economic and industrial policies. The TUC will again be regarded as an acceptable social partner. In that case, there will be no need for further days of action.

Such an outcome seems to me to be exceedingly improbable, at least in the short-term. It is very unlikely that the Government will significantly change its ways in the next six months. The TUC will thus be obliged to consider further protests.

There is a warning here, both for the TUC and for the Government. This week's day of action may have been a flop, but it still took place on a sufficient scale to indicate what might be to come. For the TUC the danger is that it might lose control of the movement it has created. For the Government there has been a signal of the pressures that could be released if its economic policies fail to produce the desired results.

Two rallies that I attended may help illustrate the point. They were quite different in character, but their very differences are suggestive of the forces that might just be brought together under one banner.

The first took place on Shepherds Green, Hammersmith, an oasis of calm amid the high streets and the traffic. Small children continued to play cricket throughout. Large numbers of adults simply went on lying in the sun without taking the slightest bit of notice. The union that was most in evidence was the National Association of Local Government Officers (NALGO). There were never more than 300 people present at a time. Yet they did listen and what was most noticeable was the concentration on local issues: housing, the closing of hospitals and the possible break-up of the Inner London Education Authority (ILEA).

The audience was mostly young and in no way could be described as wild. When one particularly ranting speaker spoke of Mrs. Thatcher "opening the door to the horsemen of the apocalypse by unleashing nuclear warfare," the tendency was to laugh at him. But when people spoke of the closure of the West London Hospital, the reaction was much more sympathetic.

Of course, the militant groups were all represented. All the revolutionary journals were on sale: Militant, Socialist Worker and News Line, the daily newspaper of the Workers' Revolutionary Party. The meeting was being exploited. But it was just possible to foresee a skillful bringing together of all those groups at present interested in single issue politics, such as abortion, into one broad protest movement should Mrs. Thatcher's policies go badly wrong.

If the meeting on Shepherds Green was a quaint, even slightly rustic affair, the rally at the Central Hall, Westminster was meant to be a much more organised occasion. It was also a more obvious flop. You do not bring Mr. Jack Jones out of his retirement and expect him to be greeted by rows of empty seats. Not only was the attendance lower than had been hoped; there was also an outburst of fighting when a bunch of anarchists known as the Autonomists held up a banner proclaiming "all strikes should be political" and howled down Mr. Alex Kitson, the deputy general secretary of the Transport and General Workers' Union. The anarchists were bundled out. "We will not tolerate organised disruption," said the chairman of the meeting without the slightest trace of irony.

Yet there were other, more ominous signs. Those who follow the Labour Party will have noted with interest the presence of Mr. John Silkin, the shadow Industry Secretary and a possible future leader, on the platform. There was the blunt statement by Mr. Alan Fisher of the National Union of Public Employees (NUPE) that the unions cannot stand outside of politics. Not least, there was the curious assertion by Mr. Owen O'Brien of the print union, NATSOPA, that the unions could no longer rely on Labour MPs because they lacked a majority in the House of Commons; therefore they were obliged to rely on the traditional democratic methods of taking the protest to the streets. Mr. Jones was the soul of moderation by comparison.

Trevor Humphries

Fleet Street: an exception to Day of Action apathy

The lesson from the two meetings described is the same. It is that there are forces at work which go beyond the TUC. Mr. Murray may have thought that it would be possible to stage a day of action as a one-off event. But there will be others who will want to repeat it. It is too good an idea for those committed to militant politics to allow it to be simply dropped. And of course the TUC itself is all but committed to trying it again if the Government refuses to change its ways. It can hardly turn down demands for more of the action which it has itself initiated if inflation and unemployment do go on rising as Mr. Murray predicts. But it may find that it has ceased to be the leader.

How far the protest movement develops will depend on the progress of the Government's policies. It cannot be said that the economic news this week—the publication of the retail price index for April, due today, and the index of average earnings for March, both showing annual rises of over 20 per cent—will be all that encouraging.

Some Government Ministers have taken to quoting an odd comparison of opinion polls. At the end of the Heath Government's first year in office, it is said, the Conservatives were 16 points behind Labour in the popularity charts. Mrs. Thatcher's Government at the end of a comparable period is only three or four points behind. Hence, for example, the relative failure of the day of action, and indeed the rise in earnings over the past year must go a long way to explain the lack of popular discontent. It is not surprising that people are reluctant to take to the streets if their earnings have been keeping pace with inflation.

Yet it is very hard for the Government to take any comfort from these figures. What they suggest is that the real unpopularity is still to come. The cuts that everyone has been talking about have not yet begun to bite. Unemployment has only recently begun to rise sharply. There has been no appreciable fall in living standards. The "three years of unparalleled austerity" once promised by Mr. John Biffen, the Chief Secretary to the Treasury, have not even started.

Clearly it is the rise in earnings that concerns the Government most. It is making nonsense of the insistence that the country must live within its means and take a fall in living standards in order to prepare for growth without inflation. But there is no sign of any abatement. In effect, this year's wages round has been decisively lost. A year is a long time to lose in the life of a government. It means that Mrs. Thatcher will have to start all over again preaching the message of voluntary restraint when the next wages round begins in September. In the meantime, one cannot escape the conclusion that most people have been going on much as before, finding compensation for inflation in higher pay packets.

Perhaps rising unemployment and monetary policy will do the trick in the end. Certainly there are no suggestions so far that the Government is ready to resort to an incomes policy. But it is the pay explosion that must now be the No. 1 priority. If voluntary restraint is to be the answer, there could be a good deal more exhortation and a better example in the public sector and rather less self-congratulation on the first year in office.

The increase in unemployment appears unavoidable and the cuts in public spending will make themselves felt in time. But if there is little or no let-up in inflation, the Government will have nothing to show for it. In that case, it is just possible that we shall look back on the events of May 14, 1980 as the beginning of a new kind of political protest. If I were a Government Minister, I should be distinctly concerned about not being sufficiently unpopular in 1980. It suggests that the real trouble lies ahead.

Malcolm Rutherford

Letters to the Editor

U.S. interest rates dive

From Mr. R. Wilkinson

Sir,—I am surprised that Samuel Brittan is mystified (May 15) by the dive in U.S. interest rates. The one sure thing about the dive is the dive itself, not that it was unexpected by any forecaster. Given his and Anthony Harris' recent comments on the accuracy of forecasting, he ought not to be surprised at the lack of a forecast on this particular issue.

To an outside observer, supply and demand for credit at prime rates of 20 per cent might just have something to do with the fall in rates. At that level, collateral is called and often found wanting. If it can happen to Mr. Bunker Hunt, is it really surprising that credit is being flushed out of the system?

R. P. Wilkinson.
Carr Sebag and Co.
Occon House,
Little Trinity Lane, EC4.

Action and reaction

From Mr. F. Whitehouse

Sir,—Mrs. Thatcher will make the mistake of her life is she sees the half-hearted response to the TUC's day of action as proof that she is fast winning the hearts and minds of ordinary working people.

She is entitled to rejoice that echoes of her political sentiments can now be heard in the innermost recesses of working men's clubs, pubs and house gatherings where until recently the least whiff of Toryism had no place.

But she mustn't read into that that she is no longer regarded as an enemy on the pay front, or that these labour back-sliders are ready to adopt her as Britain's saviour.

Her appeal for them is that she believes in free collective bargaining—in which they think they can hold their own—and in weeding out Whitehall bureaucrats—which for them means getting rid of useless top brass. Anything else is a flirtation with new leaders because they are out of tune with their traditional ones. They are not so much for Mrs. Thatcher as against Labour and TUC leaders who they believe played them false.

The Tory leader may think it pays her to foment bitter differences between the working rank and file and their old-time leaders—and between them she and her ministers have made a pretty good job of mocking the TUC, as though their policy were to divide and conquer. But it's not a foregone conclusion that growing numbers of workers can be induced to leave or ignore the TUC. You can sense when among them that the breach is only temporary and that the people who keep them apart won't be loved when the old allies kiss and make up again.

It is so easily overlooked that the determination among workers not to accept a reduced standard of living is stronger than ever, and that there is in readiness to be rougher and tougher than ever before in pursuit of wage claims. Leaning a little more politically than they did towards Maggie doesn't mean that they will fight any less fiercely for better pay and increased job security. And it's when the gloves are off on these issues that she will have cause to wonder whether, after all, talking to the TUC is the dead loss she has tried to make out.

It may be her belief that a fragmented army of demanding workers with no central co-ordination is a softer touch than one fighting under the TUC umbrella. But neither our own history nor that on the Continent supports that view.

Over the years the TUC, or its equivalent has been a friend to Governments of all hues, and the wonder is whether she genuinely doesn't give a damn whether it lives or dies or is simply unable to cope with its existence. For which, later, we shall have to pay.

She can't really want bands of wreckers doing their best to get their own way, but it's what she might easily land into if she insists on making the TUC so unpalatable to the ordinary man that he makes his own workplace his battleground with no holds barred, and recognising no voice that would have him have a care for his fellow workmen—which is essentially the function of the TUC.

F. Whitehouse.
135, Ecclesfield Road,
Chapeltown, Sheffield, Yorks.

British head searching

From the Member of Greater London Council for Hendon North

Sir,—Michael Dixon's article "The unacceptable mask of executive search" (May 13), summarised accurately the misgivings which many people have about the recruitment of Mr. MacGregor to head British Steel Corporation.

There is another point which concerns people. Why is it that so often senior appointments in the nationalised industries are entrusted to American executive searchers? Do the civil servants responsible believe that there are no good British "head-hunters?"

Had the task of recruiting a new head for British Steel Corporation been entrusted to a British firm I venture to suggest that it would have been more delicately handled and the outcome would not have caused such public misgiving.

Is this a case where the Government itself should set a good example by "buying British" both in terms of the "head-hunters" and the head eventually hunted?

Bryan Cassidy.
Members' Lobby.
County Hall, SE1.

Investing abroad

From Mr. D. Grimes.

Sir, — By investing abroad, self-administered pension funds seek risk reduction and possibly an improvement on annual returns over those which can be achieved in the UK stock market (Lex, May 12).

Two avenues seem to be open to such funds: direct investment abroad by buying in foreign stock markets, or indirect investment by purchasing in London stocks of multinational companies, in particular UK companies which are heavily involved abroad. Some recent American research has tested whether the U.S. stock market recognises the higher degree of diversification of multinational companies. It was found that the risk of annual returns of such companies was only 10 per cent less than the average risk of returns of individual stocks in the U.S. stock market as a whole.

This marginal reduction of risk does not compare favourably with a risk reduction of more than 50 per cent which can be achieved when overseas shares are assembled in accordance with one of the more scientific (and by now quite standard) ways of international index matching. Incidentally, similar strategies brought about a significant increase in annual returns over those obtainable by exclusive investment in the U.S.

Management costs arising from international indexing are minimal when compared with the more conventional methods of management of equity portfolios and it is certainly not more difficult to keep track of investments on the other side of the world. Increasing amounts of American pension money are now flowing into this kind of investment portfolio.

It should be remembered, however, that while national stock markets are quite efficient within themselves (in the sense that profitable switching between stocks is difficult) research has shown that world markets are more segmented or isolated from one another. This has immediate consequences on the structuring of an international portfolio across countries. Depending on the comovements of national stock markets, the weightings with which countries are represented in the portfolio can be changed to achieve improvements of returns and risk reductions.

D. H. Girmes.
Department of Statistical Science, University College,
Gower Street, WC1.

An increase in dues

From Professor D. Myddelton.

Sir,—The English Institute of Chartered Accountants claims that its proposed 15 per cent increase in members' subscriptions "is necessary almost entirely on the grounds of inflation." But it is hardly satisfactory for a professional accounting body to advance this reason when accounts themselves do not allow for inflation.

Some innocent readers may suppose that this long-standing complaint can no longer be true, now that the inflation accounting steering group's efforts have at last led to a statement of standard accounting practice. But the IASG was not asked to develop a system of inflation accounting: it was merely instructed to find a way of implementing the current cost accounting proposals of the 1975 Sandilands Report.

Unfortunately, as para. 33 of SSAP 16 very honestly admits, "CCA does not measure the effects of changes in the general value of money . . . it is not a system of accounting for general inflation." The need for some system of accounting for inflation arises from the undisputed existance of inflation, yet CCA is not a system of accounting for inflation.

Until the English Institute does propose a genuine system of inflation accounting, members should vote against any proposal to increase subscriptions "on the grounds of inflation." Admittedly such a vote might be ignored, like the motion passed in 1977 saying that members of the English Institute "do not wish any system of current cost accounting to be made compulsory."

Thank goodness the passing of time seems to be more regular than the value of the pound. Otherwise, according to my calculations, the Institute would now be celebrating its Centenary in the midle of its fifth year of existence.

D. R. Myddelton (Professor).
Cranfield School of Management.
Cranfield, Bedford.

Breakfast TV

From Dr. S. Castell

Sir,—John Chittock ("Hopes for Industry on Channel Four," May 13) has hit at last on a most interesting application of "breakfast TV" (for which it is most gratifying to see eight potential franchise bidders) in his airing of the "sponsored film" idea.

I have already drawn attention to the somewhat paradoxical situation with the acceptance in the market of the PO's Prestel and other viewdata "user-friendly" TV-set-accessed computer-based information systems: because of cost, Prestel is more likely to be initially acceptable to the business, rather than residential, sector—but, on the other hand, people are far more used to the TV set in homes than in business offices. And one reason for this is the absence of relevant TV programmes in business hours.

Part of the "added value" of viewdata systems is generally that the computer terminal, a colour TV set, is capable of receiving such broadcast TV programmes. It seems therefore an obvious development for the fourth TV channel to anticipate a business, Prestel-fuelled, market-place for reception of TV programmes in offices, in business hours. Ergo, sponsored films and similar ideas could well become the meat of "business TV," and I sincerely hope that whoever wins the breakfast-TV franchise gives some serious thought to such a development. To paraphrase John Chittock, business TV could perhaps be a rare and sustained occurrence of TV programming meeting a genuine and practical (business) public need, through the medium of ready availability of Prestel TV-set terminals on business premises.

Dr. Stephen Castell.
"Furlongs,"
Grange Road,
Wickham Bishops,
Witham, Essex.

Education in London

From Mr. K. Baker MP

Sir,—I have read with interest the correspondence in your columns over my report to Mark Carlisle that Inner London Education Authority should be dismantled and responsibility for education returned to the individual London boroughs or to groupings of the boroughs.

ILEA, not unnaturally, has responded vigorously but the vigour of its attacks should not disguise the paucity of its arguments or the reliability of its statistics. My report was attacked for making unfair comparisons about ILEA's educational performance. A comparison of the 1977 examination results (why does it take ILEA so long to publish its results and when are we going to have figures for individual classes?), show that I was somewhat modest in my comments. At CSE and O levels, ILEA is well below the national average although it does better at "A" levels. It would appear, however, that ILEA in 1977 recorded O and A levels gained at colleges of further education as well as at schools, and these are not combined in the national results. The effect of this is to show the already poor results of ILEA in a better light.

One figure that ILEA cannot fudge, is the number of children that leave school without any grade in CSE or O examinations. In 1977 25 per cent of the children in ILEA left with no gradings which was worse than Manchester, Liverpool, Birmingham, Sheffield and Newcastle. Of all the major cities, Bradford was worse than ILEA.

ILEA denied that there would be any administrative savings and forecast considerable extra cost. ILEA is already organised into 10 divisions and so the framework for separate authorities exists. Wandsworth Borough Council have now revealed that the cost of administration and inspection in ILEA in 1978-79 was about £25m for some 362,000 pupils—the same costs in outer London amounted to about £27m for some 760,000 pupils. This would seem to indicate that there is considerable scope for administrative savings.

ILEA took me to task for the pupil projections in my report. We used the same figures as in the Marshall Report, namely, the estimated children and students in the age range 5-19 in 1986. ILEA responded by forecasting only school rolls for that year, but clearly one should take the whole range of education services which an authority has to provide. Moreover, to forecast such low school rolls has an element of despair in it, since ILEA seems to accept that some children, particularly at primary level, will be going to private schools. I suspect too that demographically, the ILEA forecast is too gloomy. I took a range of 21,000 to 21,900 in Camden in 1986, and the latest Greater London Council forecast is 22,700 to 23,200 because the birth rate is beginning to go up again.

I appreciate that those who run ILEA feel that they are under siege, and are fighting, if not for their lives, certainly for their careers. But even so, they should not seek to mislead others with such a cavalier treatment of statistics.

The position now is that Mark Carlisle has appointed an inter-departmental committee to examine local government arrangements for supervision, administration and financing of education in inner London. I hope that this committee will report soon. A solution which I favour is to allow those London boroughs that want to secede to do so. Clearly such a decision should not be reversed for 10 years to prevent the yo-yo effect of political change. But I have no doubt that once a borough has left it would not want to rejoin ILEA. No outer London borough, including those controlled by socialists, would want to surrender its control over its local education. How right they are. Education, like all other local services, should be controlled by local councillors representing the interests of the ratepayers, electors and parents who elect them.

Kenneth Baker.
House of Commons, S.W.1.

Today's Events

UK: Mr. Wm. Whitelaw, Home Secretary, speaks at Wethersfield, Essex.

Mr. Michael Heseltine, Environment Secretary, speaks at Swansea.

Mr. Patrick Jenkin, Social Services Secretary, speaks at Hadleigh, Essex.

Labour Party Wales conference, Swansea (to May 17).

Overseas: Senator Edmund Muskie, U.S. Secretary of State, meets Mr. Andrei Gromyko, Soviet Foreign Ministers, at 25th anniversary of Austrian state treaty, Vienna.

Mr. Norman Lamont, Energy Parliamentary Secretary, speaks at alternative sources of energy conference, Montreaux.

Herr Helmut Schmidt, West German Chancellor, in Rome.

House of Commons: Debate on motion to take note of the BL 1980 Corporate Plan.

House of Lords: Transport Bill, committee stage.

OFFICIAL STATISTICS

Retail prices index for April. Tax and price index for April. Balance of payments current account and overseas trade figures (April).

COMPANY MEETINGS

Conder International, Guildhall, Winchester 3. *Desoutter Bros.*, Hendon Hall Hotel, Parson Street, NW, 12. *FC Finance*, Great Eastern Hotel, Bishopsgate, EC, 12.30. Arthur Henriques, Midland Hotel, Manchester, 12. William Jack, Pennyhill Park Hotel, Bagshot, 11.30. Thomas Jordan, 28-32 Frances Road, Windsor, 12. Reed Executive, Castle Hotel, High Street, Windsor, 12. Henry Sykes, 445 Woolwich Road, Charlton, SE, 12. Thomas Tilling, 21 Tothill Street, SW, 12.

Newman Industries dives to £0.4m and omits final

A SECOND half which brought losses of £1.92m and proved one of the most difficult periods it has experienced left Newman Industries well down at the end of 1979, with pre-tax profits of £378,000 compared with £6.22m.

The final dividend is omitted, and the 1.5p midway payment represents the year's total—the effective total for 1978 was 4.8p.

Management accounts for the first quarter of 1980 show a return to profitability and to steadily improving monthly performance, say the directors. If this is maintained, they will consider paying an interim dividend for the current year.

Profitability was reduced a number of factors. The engineering strike affected the electric motor, engineering products and Avdel divisions and cost an estimated £1m.

A trading recession produced losses of £1.13m (£0.99m profit) in the ceramics side, and a reduction in profits of the electric motors division from £1.61m to £0.16m. One ceramics factory was closed and altogether the workforce in these two divisions was cut by more than 800.

Interest charges rose to £3.59m (£2.24m) and the strength of sterling affected exports, which fell from £26.12m to £21.9m. And it cannot be overlooked, say the directors, that considerable management and administration time was elost over the court action by the Prudential Assurance Company.

Group turnover was virtually static at £70.23m (£70.8m) and trading profit was £6.74m (£10.49m) including ACT deemed to be irrecoverable of £1.11m, and there is an extraordinary debit of £1.82m (£0.28m). The latter includes redundancy and closure costs of £858,000, external costs relating to the Prudential legal action of £146,000 and a provision of £812,000 against the value of overseas investments.

After exchange losses of £213,000 (£152,000) and investment adjustments of £33,000 (£1.45m), the attributable loss emerges at £3.39m (£2.72m profit). Dividends absorb £763,000 (£868,000).

The stated loss per 25p share is 7.2p, against earnings of 16.5p.

The Avdel division remains strong, say the directors. The engineering products side felt the effects of the reduction in sales to Africa but is in good shape to obtain orders and expand its profitability.

Mr. Alan Bartlett, the chairman of Newman until his dismissal in February after a High Court action brought by Prudential Assurance, has told shareholders that he intends to take action for wrongful dismissal.

"The allegation made by the Prudential," Mr. Bartlett reminds shareholders, "was in essence that I had, with others, conspired in 1975 to procure a transaction with Thomas Poole and Gladstone China which benefited me rather than Newman Industries."

"Those who have held their shares that long," Mr. Bartlett writes, "will know that the company's growth was based on that transaction. It has proved highly beneficial to the company."

He said that he was not in a position to comment on the results for 1979 "except that they must be viewed against a background of a very difficult economic environment and the legal action initiated by the Prudential which was in court from mid-June to mid-December of that year and required substantial administrative support. In short, however, Newman under my leadership grew from a one-product company to a group of internationally recognised businesses."

● comment

Newman Industries' High Court action has diverted attention from a dramatic decline in many of its principal businesses. It could be said that events above the line were foreseeable—the engineering strike, high interest rates and overseas margin contraction have certainly taken their toll—and it looks as though a new broom has also been sweeping below the line. The cut in the Nigerian stake, for example, was reported at this point last year but the devaluation of these assets accounts for much of the overseas provision this year.

The caretaker board has reacted to the severity of conditions in three of the four major divisions. Redundancies have brought electric motors onto an even keel but the closure of one pottery has yet to stem losses in ceramics which are expected to persist throughout 1980. Two small engineering product disposals will be announced this summer to cut gearing, now at about 1:1, by some £2.5m. The accounts will provide a better picture of Newman's outlook but the programme of disposal and retrenchment will probably continue and the shares, down 9p to a new annual low of 42p, are set to remain in limbo for some time. The interim dividend yields 5.1 per cent.

HIGHLIGHTS

The Lex column takes a look at two very large bids for U.S. companies by UK groups. Grand Metropolitan has dug deeper into its bankers' pockets to try and force through an enlarged bid for Liggett, and Imperial Group has finally decided to go ahead with its long-standing bid for Howard Johnson. At home two major groups with shipping and property connections have reported. European Ferries has pushed slightly ahead for the full year, but yesterday's share price gain owes more to thoughts on its property deals than the actual figures. Trafalgar House produces better half-year figures, mainly due to a reduction in losses from shipping, aviation and hotels, and is confident for the full year. Lex also analyses some confusing monetary figures which show modest growth in the money supply, but the biggest ever monthly surge in bank lending.

Advance by United Engineering

FOLLOWING THE first-half rise from £0.68m to £1.03m, taxable profits of United Engineering Industries reached £2.31m for the year ended January 31, 1980, compared with £1.53m. Turnover of this maker of heating systems, TV cameras and electronic equipment, advanced from £9.97m to £13.38m.

The results do not include any contribution from Cosworth Engineering, which was acquired after the year-end.

After tax up from £391,423 to £637,203, earnings per 10p share rose to 10.1p (adjusted 7.7p). A final dividend of 2.3p effectively lifts the net total from 2.4333p to 3.65p per share, costing £608,401 (£356,933).

Rivington Reed calls in receiver

Rivington Reed, the ailing textile company in which financial Mr. Graham Ferguson Lacey has a large stake, has finally called in the Receivers after continued heavy losses, particularly on the carpet side.

But the company's profitable filament division will continue to trade and no Receiver has been appointed to the companies in this area, William Reed Weaving, William Reed Fabrics and Century Dyeing Company.

At the Reed board's request, Midland Bank has appointed Mr. William Mackey and Mr. J. Warren of Ernst Whinney as receivers and managers. Rivington Reed's last published results, for the six months to September 29, showed pre-tax losses of £516,000 against a previous profit of £207,000.

The company said yesterday that the increasing severity of the recession had made it impossible to reduce the losses, with high interest rates proving a further burden.

Through his company, Birmingham and Midland Counties Trust, Mr. Ferguson Lacey owns just over 28 per cent of Reed's shares, which were suspended at 13p on Wednesday pending yesterday's announcement.

The BMCT interest rose to this level in January after the purchase of 500,000 Reed shares from Dr. John Blackburn, the former chief executive of Carrington Viyella and Vantona who left Reed late last year.

Mr. Ferguson Lacey had brought Dr. Blackburn into Reed around two years ago, but it was announced in mid-December that he had been "released from his contract" as cief executive.

Last July, the company closed its carpet factory in Bolton with the loss of some 160 jobs. A further 500 jobs are involved in the companies now coming under receivership.

Baggeridge

Taxable profits of Baggeridge Brick Co. moved up from £217,000 to £276,000 for the half year to March 31, 1980, on turnover of £2.88m compared with £1.95m.

Tax charge was down from £113,000 to £64,000 and net profits rose by £108,000 to £212,000. Earnings per 25p share were ahead at 5.3p (2.6p) but the interim dividend is kept at 1.25p net—the 1978-79 final was

Midterm pick up by Trafalgar

FIRST HALF pre-tax profits of Trafalgar House have picked up from a depressed £16.32m to £19.34m, mainly due to a sharply reduced loss of £1.63m, against £6.45m, from shipping, aviation and hotels.

Describing the overall result as satisfactory, Mr. Nigel Broackes, chairman, says the outlook is encouraging. The interim dividend is stepped up from 2.11p to 2.5p net and it is the present intention to recommend a similar amount for the final payment. Last year a total dividend of 4.61p was paid when profits declined from £57.42m to £41.72m.

In resolving the dividend increase the directors have had regard to the realities as well as the requirements of inflation accounting. "For the time being the group's liability to pay corporation tax in less than the Board provides and there is no reason why shareholders should not benefit from the group's prospective ability to continue to make progressive increases in dividend," says the chairman.

Tax and tax equalisation account took £6.77m (£5.71m) for the six months to March 31, 1980, and after minorities of £413,000 (£345,000) net revenue turned in at £12.16m (£10.26m). Excluding extraordinary debits of £2.72m (£173,000), earnings per 20p share are giving at 5.1p (4.2p)—including such items they totalled 3.9p (4.2p).

Comparative figures have been adjusted to reflect the change of basis on which interest is charged to trading activities, adopted in the September, 1979, accounts.

An analysis of pre-tax profits shows (£000s omitted): property £5,365 (£8,965); investment activities £479 (£464); construction, including housing £10,684 (£11,054); shipping, aviation and hotels £1,632 (£6,450) loss; newspapers and magazines £3,948 (£2,286). The shipping, aviation and hotels figures include profits of £1.32m (£0.56m) on ship sales.

Mr. Broackes reports that the aftermath of last autumn's engineers' dispute and minor repercussions from the steel industry's winter troubles both left their mark on half-year results.

Property development prospers and activity continues at a high rate. Construction including housebuilding figures are restrained by cutbacks in UK public spending, but otherwise the group's experience at home and overseas is satisfactory.

He states that shipping, aviation and hotels presents a number of contrasts—cargo interests (with the exception of refrigerated fruit carriers) are now back in profit; the QE2 has overcome the latest pressure from increasing oil prices by an excellent passenger response and improved manning procedures; and the group's hotels have suffered from the change in tourist flows to this country.

Continuing aviation interests show promise but the industry is in poor shape and the 35 per cent interest in British Cargo Airlines, now in receivership, has been written off. This last point accounts for most of the half-year's £2.7m extraordinary debit.

Good progress is being maintained by the group's newspapers and magazines, and they seem likely to show an improvement over last year's levels of profitability, the chairman states.

Lex, Back Page

European Ferries recovers in second half

AS FORECAST at midway, when a downturn from £8.5m to £6.7m was reported, pre-tax profits of European Ferries, shipowner, showed an improvement for 1979. The full-year figure turned in £1.13m higher at £27m.

Turnover for the 12 months increased from £151.98m to £170.74m and trading profits advanced from £25.35m to £26.95m. The share of associate profits totalled £55,000 (£23,000). Tax took £1.5m (£1.62m), leaving net profits ahead from £24.25m to £25.5m.

The net final dividend is 3p, raising the total payment from 3.107273p to 4.5p on earnings of 23.2p (22.7p) per 25p share.

There were minority profits of £954,000 (£295,000); extraordinary profits of £3.36m (£2.19m loss) on foreign currency loans, and dividends cost £4.76m (£3.29m).

Lex, Back Page

British-Borneo advances

INCLUDING SPECIAL dividends of £627,173, pre-tax profits of the British-Borneo Petroleum Syndicate rose from £821,282 to £1.59m in the year ended March 31, 1980.

The surplus includes net profits on the realisation of investments, short-term interest and other income of £471,532 (£444,029) and is struck after expenses of £101,701 (£70,191) and Euro-currency loan interest of £41,025 (£82,868).

A final dividend of 6.25p lifts the total to 16.75p (7.53p) including a special payment of 7.25p.

After tax of £569,304 (£321,231) and the £753,750 (£338,805) absorbed by dividends, there is a retained surplus of £270,731 (£161,246).

Earnings per 10p share are shown as 22.8p (11.1p) or 13p excluding the special dividends received.

At the balance date, this investment holding and dealing company had net current liabilities of £408,725 (£265,596) and the stock exchange value of its listed investments was £11.84m (£11.71m).

Associated Paper slumps

ESCALATING LOSSES at Vale Board Mill, which was closed down on May 9, hit the first half performance of Associated Paper Industries.

Pre-tax profit for the half to March 29, 1980, was down to £256,000 (£873,000)—continuing operations showed a profit of £968,000 (£1.07m) while Vale Board Mills lost £712,000 (£193,000 loss). Combined turnover was £24.09m (£22.06m).

There was no tax charge (£125,000) and retained profits emerge at £73,000 (£565,000).

The Board says that despite strenuous efforts to save Vale Board, it became clear that there was no prospect of it operating at a profit.

Despite difficult trading conditions, continuing operations showed only a small decline against the first half last year, notwithstanding the effect of high interest rates. Consequently the interim dividend is being maintained at 1.21p. Last year a total of 3.65p was paid from profits of £2.1m.

Shareholders' funds at September 29, 1979, are given as £13.4m. The impact of the Vale Board closure is thought unlikely to exceed £2.5m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assoc. Paper ......int.	1.21	July 10	1.21	—	3.65
Baggeridge Brick ...int.	1.25	August 6	1.25	—	3.75
Brit-Borneo Petroleum...	6.25	July 10	5.02	16.75§	7.53
Carless Capel	1.7	July 22	0.62	2.5	1.03
Cater Ryder	16.71	July 3	14.78	21	19.08‖
Doranakande Rubber ...	2.00	—	1.7	2.75	2.25
European Ferries	3	—	1.98	4.5	3.11
John Folkes Hefo	1.26	August 7	1.14	1.76	1.58
Foster Bros.	2.19	July 18	1.72*	3.2	2.5*
John Foster & Son	0.5	July 9	1.5	1.5	2.5
Holt Lloyd	5	July 31	4.25	9.5	7.75
Hunting Associated	2.5	—	1.44	5	2.44
Industrial & Gen. Tst. ...	1.85	June 20	1.45	2.75	2.15
Kwik-Fit (Tyres)	0.74	—	0.52	1.34	0.92
Lee Cooper	2.25	July 7	1.4*	3.65	2.23*
William Leech...2nd int.	3.3	July 20	3.64	—¶	6.64
Lloyds & Scottish ...int.	1.87	August 1	1.87	—	5.27
Newman Ind.	Nil	—	3.6*	1.5	4.8*
Prince of Wales Hotels	0.97	July 18	0.65	1.72	1.15
Sungei Bahru ......int.	0.75	June 24	0.65	—	2.25
Trafalgar House .....int.	2.5	July 14	2.11	—‡	4.61
United Engineering	2.3	July 10	1.53*	3.65	2.43*
Warner Estate .....int.	3**	July 2	1.6	—	5
Whitbread Inv.	3.52	July 25	2.9	5.5	4.55

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 5p total forecast. § Including special dividend of 7.25p. ¶ Making 6.6p to date in current 18 months accounting period. ‖ Including supplementary final of 0.19497p. ** Partly reduces disparity.

RHM

RANKS HOVIS McDOUGALL LIMITED

Announcement of Interim Results

Results

Group profit before taxation for the half-year ended 1 March 1980 amounted to £20,221,000 compared with £16,055,000 for the corresponding period of the previous year.

The improvement in the half-year profit was primarily attributable to the Bakery Division, which suffered during the strike in the UK bread industry in late 1978, and to better results from the agricultural, cereals and overseas divisions. The profit improvement was significantly offset by the level of interest rates and higher borrowings together with lower trading results from our Grocery Division following its record profits last year. The results of Ranks (Ireland) Limited showed an increased loss.

Interim Ordinary Dividend

The Board has decided to pay on 11 July 1980 to Ordinary Shareholders registered at the close of business on 13 June 1980 an interim dividend for the year to 30 August 1980 of 1.524p per Ordinary share (last year 1.452p per share), involving a payment to shareholders of £4,163,000. This dividend, together with the related tax credit of 30/70ths thereof, represents 2.177p per share (last year 2.074p per share).

Outlook

With the continuing high interest rates and the present state of the economy only a small improvement is expected in Group profits for the second half-year when compared to those in 1979.

Joseph Rank, Chairman

Consolidated profit statement for the half-year ended 1 March 1980

	Half-year ended 1 March 1980 (Unaudited) £000	Half-year ended 3 March 1979 (Unaudited) £000	Year ended 1 Sept. 1979 £000
Turnover			
Total sales	858,000	787,000	1,590,000
Deduct: Sales within the Group for further processing	118,000	104,000	211,000
External sales	740,000	683,000	1,379,000
Profit on trading before rationalisation costs and depreciation	39,305	33,328	67,833
Rationalisation costs	406	893	1,841
	38,899	32,435	65,992
Depreciation	10,753	10,708	20,500
	28,146	21,727	45,492
Interest	9,445	7,254	15,823
	18,701	14,473	29,669
Investment income	80	185	318
Associated companies	1,440	1,397	2,630
Profit before taxation	20,221	16,055	32,617
Taxation	8,600	5,950	12,425
	11,621	10,105	20,192
Minority interests	111	394	672
	11,510	9,711	19,520
Extraordinary items after taxation	492	(10)	(1,267)
	12,002	9,701	18,253
Preference dividends paid	142	142	283
Profit attributable to the Ordinary shareholders of Ranks Hovis McDougall Limited	11,860	9,559	17,970
Earnings per Ordinary share of 25p*	4.2p	3.5p	7.0p

*(Based on 273.2 million Ordinary shares ranking for dividend and profit attributable to the Ordinary shareholders before extraordinary items).

The comparative figures for the half year ended 3 March 1979 have been restated in respect of deferred taxation and closure costs to conform with the policies adopted for the year ended 1 September 1979.

Holt Lloyd moves ahead by 43% to top £5m mark

AGAINST A background of higher interest rates and adverse currency movements caused by the strength of sterling, Holt Lloyd International, maker of car-care products, increased pre-tax profits by 43 per cent to £5.03m for the 53 weeks ended March 1, 1980, compared with £3.51m for the previous 52 weeks. Group sales rose by 42 per cent from £35.15m to £50.03m.

As anticipated, a significant proportion of the growth came from acquisitions, while increases of 2 per cent in sales and profits from other group operations were also echieved.

First-half profits were up from £1.96m to £2.68m.

Yearly aarnings per 10p share are stated up from an edjusted 18.2p to 30.94p, and from 14.7p to 21.55p assuming full deferred tax accounting. A final dividend of 5p makes a totat payment of increased capital of 9.5p (7.745p) net, which compares with e forecast of at least 9p per share made last June with the £2.99m rights issue. A two-for-one scrip issue is also proposed.

Mr. Tom Heywood, the chairman, says it remains to he seen how consumers behave during the peak summer off-take period, but at present the group is continuing to hudget for further growth in all its markets, at home and overseas.

Trading profits climbed 58 per cent to £5.63m for 1978-79. Interest charge surged from £51,000 to £602,000, due mainly to finance costs associated with the acquisitions of LPS Research Laboratories Inc. in the U.S. and Pro-Combur S.A. in France. There was an associate's profit sbare of £39,000 this time.

Tax charge was down from £1.61m to £1.26m, but minorities at £212,000 (£15,000) are now significant following the acquisition of a majority share in Pro-Combur.

There was an extraordinary credit of £159,000 (nil) comprising realised exchange gains. Dividend cost was up from £779,000 to £1.14m and retained profits emerged at £2.58m (£1.1m).

Currently 42 per cent of the group's car-care business originates overseas, compared with 30 per cent four years ago and the chairman expects this proportion to increase.

In the UK, the group's largest subsidiary, Holt Lloyd, maintained its position in an expanding market. Sales and profits were 27 per cent higher at £27.4m and £3.3m respectively. Overseas sales were £19.6m (£10.9m) while trading profits increased from £1.02m to £2.32m.

● **comment**

Helt Lloyd has capped the four year post-merger programme with e 43 per cent annual advance and a share price rise of 17p yesterday to 239p. Acquisitions, notably Pro-Combur in France and LPS in the U.S., probably account for around half the overall improvement but, after a significant rise in interest charges, it seems that the current year will be one of consolidation rather than of major new purchases. Trading prospects in most of the group's major markets suggests that working capital requirements will remain high. While the underlying level of consumer demand is set to remain buoyant, many wholesale and retail customers have started to destock. Production, which had been geared to peak throughput following the decision to build inventories at the year end, may now have to be curtailed and recent growth rates may be hard to repeat in the short term. Yet whether or not Holt will be forced to finance expansion through its own, rather than costomers' stocks, there is no immediate reason to sell the shares at these levels. Profits, thus far, have beeo immune to the fluctuations of new vebicle sales and there should be a good deal to come through from product harmonisatino in the new operating areas. The increased dividend, comfortably covered twice by current cost earnings, yields a satisfactory 5.6 per cent and the fully taxed p/e of 12.9 already accounts for the full impact of the group's drive to boost overseas earnings.

Property sales help Foster Brothers Clothing to £10.7m

AFFECTED by the rise in VAT and poor Christmas sales, trading profit last yaar of the Foster Brothers Clothing Company was lower than planned, at £10.52m (£9.44m). After a surplus on the sale of properties of £190,000 (£347,000), total pre-tax profits for the year to February, 1980, were £10.71m (£9.78m).

Tax took £4.77m (£4.14m) leaving ettributable profits of £5.95m (£5.64m). The adoption of SSAP 15 reduced the taxation charge by £915,000 (£739,000).

The directors say the clothing companies had e satisfactory, if not exciting year, but losses were experienced in the cosmetics divisioo because of compatitors' price-cutting. Group sales for the first nine weeks, however, are up 15 per cent, and e satisfactory year is expected.

The net total divideod is lifted from an edjusted 2.5p to 3.1875p, with e final of 2.1875p. Earnings per 25p share are given as 12.9p (12.6p).

● **comment**

Foster Brothers managed to improve its second-half margins slightly and so came through with a nearly 9.4 per cent pre-tax profit increase over a very strong previous year. The shares were unchanged at 88p. The company seems once again to be having trooble with an acquisition, thia time its cosmetics business tumbled into £0.4m of losses last year. Also, like most retailers, Foster Brothers would be more than pleased this year merely to match last year's profits. Understandably, the yield of 5.3 per ceot and the fully taxed p/e of 7.7 are expecting very little.

Warner Est.

PRE-TAX profits of Warner Estate Holdings, properly investment group, improved from £553,800 to £759,631 in the half-year to March 31, 1980. Turnover was up from £2.61 mto £3.38m.

After tax up from £288,991 to £388,000, stated earniogs per 25p share are 3.16p against 2.63p, and the interim dividend is iocreased from 1.6p to 3p. The increase is partly to reduce disparity. Last year's total was 5p from pre-tax profits of £1.22m (£1m).

The net proceeds of sale of houses and flats amouoted to approximately £940,000.

Lee Cooper climbs 41% to more than £9.2m

REPORTING a 41 per cent increase in full-time pre-tax profits, the Lee Cooper Group, manufacturer of jeans and casual wear, says its expansion programme is continuing as planned, despite the worldwide trade recession.

Profits for 1979 rose to £9.21m (£6.5m), on turnover up by 23 per cent at £69.96m (£56.84m).

Tax took £4.13m (£3.09m) and after an extraordinary loss of £880,760 (£676,450 gaio) and minorities the attributable balance was £4m (£3.9m).

A final dividend of 2.25p (adjusted 1.4p) is recommended, taking the total for the year to 3.65p (adjusted 2.23p). Earnings per 25p share are shown at 41.9p (27.7p).

The directors are proposing a scrip issue of one for three.

York Trailer slips further into loss in first quarter

AN INCREASED first-quarter loss by York Trailer Heldings is attributed by the directors to the depression in the commercial vehicle industry.

For the three months to March 31, 1980, the group reports a pre-tax loss of £190,000 (£80,000 loss) oo turnover up to £11.31m (£8.55m). There was again no tax charge and after minorities of £25,000 (nil) the attributable loss is £165,000 (£80,000 loss).

The total dividend paid in 1979 was 1.973p, on pre-tax profits of £695,000.

Mr. Fred W. Davies, chairman, says most of the losses occurred at Anthony Carrimore in Co. Durham where drastic pruning, although costly in terms of redundancy pay, has now cut the company to a size at which any up-turn in trade will yield a satisfactory profit.

In the U.S. the subsidiary manufacturing hydraulic hoists suffered a substantial loss, due primarily to the long International Harvester strike. This has now been settled.

All companies within the group worked below capacity throughout the first quarter, and Mr. F. Davies, the chairman, sees little hope of an improvement before the middle of this year.

Whatever the theoretical effects on the long-term health of Britain's economy, he says, the preseot Government-induced depression means that 1980 will be a meagre profit year—and for some, even a survival year.

Industrial & General Trust over £6.6m

Net revenue of the Industrial and Geoeral Trust showed a substantial improvement in the year to March 31, 1980, rising from £4.74m to £6.62m after tax of £3.19m against £2.65m. At the half-way stage, net revenue was £2.99m against £2.4m. The year's tax chafge includes foreigo withholding taxes of £285,809 compared with £249,330.

Stated earnings per 25p sbare are 3.08p (2.21p) and 2.74p (2.21p) excluding special dividends. The final dividend is up from 1.45p to 1.85p, making the total 2.75p (2.15p).

Net assets stand at £187.97m (£204.24m) and the net asset value per share is 79.1p (84.4).

Gross income for the year moved ahead from £9.66m to £11.87m.

Barclays American down

Profits before tax of Barclays American Corporatioo tumbled from U.S.$7.67m to $2.07m for the three months to March 31, 1980.

Tax decreased from $3.37m to $0.86m and after including this time iocome of $1.07m from busioesses to be divested, oet income came out at $2.28m, against $4.3m.

The pre-tax result was struck after interest, provision for credit losses, expenses end other charges totalling $43.09m ($41.58m).

SPAIN

May 14	Price %	+ or −
Banco Bilbao	203	
Banco Central	217	
Banco Exterior	306	
Banco Hispano	200	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	237	
Banco Urquijo	140	
Banco Vizcaya	208	
Banco Zaragoza	200	
Dragados	75	−1
Espanola Zinc	60	
Fecsa	59.2	
Gal. Preciados	25	−0.5
Hidrola	65.2	
Iberduero	59.7	+0.5
Petroleos	100.7	−0.3
Petroliber	59	
Sogefisa	107	
Telefonica	52.7	+1.2
Union Elect.	64.7	

COLD STORAGE HOLDINGS LIMITED

Annual Report and Accounts for the year ended 31st January, 1980.

SALIENT POINTS FROM THE ANNUAL ACCOUNTS AND THE STATEMENT OF THE CHAIRMAN, MR. S.R. PARKER, TO BE PRESENTED AT THE ANNUAL GENERAL MEETING OF THE COMPANY IN SINGAPORE ON 31ST MAY, 1980.

Group Turnover	S$218,221,000	(previous year S$195,700,000)
Profit before taxation	S$ 21,336,000	(previous year S$18,183,000)
Earnings per share (before extraordinary items)	12.11 cts	(previous year 8.17 cts)

Dividend Distributions

Interim 4.5 Malaysian cents paid 10th December, 1979.

Proposed Final 6 Singapore cents, payable 2nd June, 1980.

Total dividend absorbs $7,122,000 (previous year $7,122,000)

REVALUATION OF PROPERTIES
Group properties including the Orchard Road site in Singapore revalued and surplus of $63 million less minority interests credited to reserves. Net asset value per ordinary stock unit becomes $2.08 (previous year $1.39).

GROUP ACTIVITIES
Certain portfolio investments were realised and surplus properties sold which together with the compensation for the dairy farm land resulted in extraordinary profits of $19 million. Dairy, beverage and bakery divisions in Singapore improved profit levels whereas Malaysian profits fell short. Butterworth ice-cream plant in Malaysia commenced operations in December 1979. Meat processing, ice manufacturing and refrigerated storage divisions had a satisfactory year but retail and wholesale trading, whilst improving sales, suffered reduced margins and did not achieve anticipated profits. Associated companies continued to contribute satisfactorily, although in New Zealand an exchange loss on the Singapore dollar loan eroded profits. The Board has agreed to increase its investment in Wellington Cold Storage to 69%. Cathay Foods (U.K.) did not contribute to profits and it has been agreed to dispose of 40% in this company to a U.K. company providing management and marketing services. Increased contribution arose from Australian investments.

NEW DEVELOPMENTS
In Singapore work has commenced on the new shopping centre in Orchard Road. The benefits from this project are expected from 1982 onwards. Construction has also commenced on another new shopping centre in Singapore which is scheduled for completion by the end of 1980 and plans also in hand to increase retail outlets in Malaysia. New automated bakery planned for Singapore. Plans for restructuring of the group's activities in Malaysia are progressing well and an announcement should be possible in the near future.

CORPORATE STRUCTURE
During the year corporate activities in Singapore were restructured. Robinson & Company Limited and Great Eastern Life Assurance Co. Ltd. have taken up 25% and 5% respectively in the companies carrying out the Orchard Road property development.

OUTLOOK
Plans are in hand to maintain the new impetus and estimates indicate further improvement will be achieved although escalation in costs of energy, labour and ingredients makes forecasts difficult.

DIRECTORATE AND MANAGEMENT
Mr. P.G. Grundy retired from the Board during the year and his contribution will be missed. Mr. V.S. Dalgaard joined the Board in place of Mr. M.V. Quie who resigned on medical grounds.

A copy of the Company's Annual Report and Accounts is available upon request to the Secretary, Cold Storage Holdings Ltd., Empire Dock, Singapore 0409.

J. Hewitt & Son (Fenton) Limited

Manufacturers of domestic and industrial refractories, kiln furniture and electrical porcelain.

	1979 £'000s	1978 £'000s	1977 £'000s	1976 £'000s
Sales	3,908	2,787	2,268	2,256
Profit before tax	386	311	214	250
Cost of dividends	36	31	25	22
Profit retained	285	179	119	130
Earnings per share	14.2p	9.2p	6.3p	6.7p

Extracts from the Statement by the Chairman, Mr. J. K. Hewitt:—

In 1978 sales increased by 40% and profit before tax by 24% in spite of the adverse effect of ever rising costs on profit margins. Exports reached a record £1,012,114 reflecting the intensive efforts made to expand overseas demand for the Company's products. The ordinary dividend has been increased from 1.2776p per share to 1.5p which is covered 9.5 times. Shareholders who retain their £1 Preference Shares will also be entitled to a fixed annual dividend of 10p per preference share for 1980 onwards.

Additional plant and machinery is presently being installed and when fully operational will extend our range of kiln furniture products and increase the production capacity for domestic refractories. Although forecasts must be approached with caution, I am hopeful that our progress will continue in 1980.

Moët-Hennessy

At its meeting on 22nd April 1980, the Board of Directors of MOËT-HENNESSY approved the eccounts for the year ended 31st December 1979, which showed a net profit of FF 47,970,484.

The distribution proposals to be put before the Annual General Meeting called for 20th June 1980, will recommend e dividend of FF 7.00 per share which, coupled with the tax already paid to the Treasury, will result in a total payment of FF 10.50. An interim payment of FF 6.00 mede on 4th February 1980, brings the totel dividend for the yeer to FF 13.00 net. Allowing for the tax elready paid, the income es a whole edds up to FF 19.50, en increese of 24% over the previous year and 55% over the 1977 financial yeer.

Consolidated Results of the Moët-Hennessy Group
(FF 000's)

	1979	1978
Turnover before tax	2,311,800	1,917,124
Gross trading profit	312,033	208,758
Net book profit	87,400	88,927
Net adjusted profit	161,692	104,415
Cash flow	218,336	155,442
Net adjusted profit per ahere	51.20	33.07

The Group's consolidated turnover thus shows a rise of 21%, the trading profit is up by 49%, and the net adjusted profit has increesed by 55%.

Champagne Business

The consolidated turnover for 1979 at FF 1,040,650,000 was 19% up on 1978. There was e trading profit of FF 182,619,000, against FF 120,615,000 for the previous year. The net adjusted profit, calculated using the customery methods, amounts to FF 94,783,000 as compared to FF 59,029,000 in 1978.

Cognac Business

The consolidated turnovar of the Cognac sector, at FF 616,303,000 as ageinst the FF 480,847,000 in 1978 shows an appreciеble rise. The trading efforts which have been made for the last three yeers are beginning to bear fruit and the considerebly higher results for 1979 have now reeched an acceptable level. The trading profit emounts to FF 52,904,000 as against FF 17,034,000 in 1978, end the net edjusted profit amounts to FF 35,224,000 as against FF 11,361,000 in the previous year.

Perfume and Beauty Products Business

1979 turnover for ell the compenies concerned reached FF 654,847,000 as against FF 561,755,000 in 1978. The consolidated treding profit increased by 5.6% to FF 80,438,000 and the net adjusted profit for its part emounts to FF 36,585,000 representing a 4.6% increase.

United Newspapers Limited Profits up to record level

One-for-one scrip issue

The Chairman, Lord Barnetson, reports:

I am happy to say that 1979 was a record year for the Company. The pre-tax profit amounted to £8,192,000, which represents a rise of 19 per cent over 1978. In addition, extraordinary items yielded a net profit of £285,000 after taxation.

The profit includes investment income of £696,000, compared with £448,000 for the preceding year, the improvement being due partly to higher interest rates and partly to an increase in the funds invested. After spending £3,240,000 on plant, equipment and better working conditions, the Company's cash resources at the year end amounted to £6,683,000, compared with £4,512,000 at the end of 1978.

The directors recommend a Final Dividend of 15p net on the existing Ordinary Shares. When taken together with the Interim Dividend of 9p already paid, this will make a total of 24p for the year, compared with 15.60995p for 1978. At the new rate the Dividend will be 2.57 times covered.

At the Annual General Meeting the directors will also recommend that the authorised Ordinary capital of the Company be increased by £2 million, and that following a transfer from Reserves a one-for-one scrip issue be made.

Newspapers

Our morning, evening and weekly newspapers, which account for almost 85 per cent of the Company's profitability, increased their contribution by £1,173,000 over the previous year. Advertising revenue went up by 23.6 per cent to £35,766,000, while volume rose by around 10 per cent, an uplift shared by display and classified alike. Although cost inflation made it necessary to raise most of our cover prices, sales were not seriously affected, and indeed the Yorkshire Post has now emerged as England's largest-selling provincial morning paper.

The prospect of further expansion in the weekly newspaper field is opened up by the projected acquisition of the Ashton-under-Lyne Reporter and its associated publications. Under the terms of the Fair Trading Act, the matter has been referred to the Monopolies and Mergers Commission. We await their Report, and likewise the decision of the Department of Trade. If the transaction goes through, we would expect it to contribute around £150,000 a year to the Company's pre-tax profits.

Periodicals

All the Company's periodicals improved their profit performance, their total contribution being £572,000, which is 28.5 per cent better than in 1978. Punch did particularly well, not only with a 50 per cent uplift in profits but also with a significant rise in circulation despite the higher cover price. Pig Farming, Arable Farming, and the Dairy Farmer – each strengthened its position in its own particular market, and turned in record results. The Countryman and the Northampton Independent also moved ahead.

Commercial Printing

With a profit of £178,000, commercial printing was just under 12 per cent down on the preceding year. One of the major reasons was the "dumping" of cut-price Christmas cards on a large scale by the Soviet Union, and this had quite a drastic effect on the market served by our Castle Publishing Company, based on Preston. Our printing centres at Blackpool, Blackburn and Bletchley did much better than in 1978, but Luton had a more difficult year.

Radio and Television

We continue to be well satisfied with our investment in Trident Television, not only because of the dividend income it provides, but also because of the high standard of programmes achieved. We are happy, too, with our involvement in Radio Hallam, the Sheffield station, now firmly established and paying a dividend.

Capital Investment

To improve working conditions and to take full advantage of the new technology – stated very simply, these are the basic aims of the Company's policy on capital investment. Over the ten-year period 1970-79 we have spent £21 million out of profits in this way. For the year under review, the figure was £3,240,000, the projects including conversion to direct litho printing for two of our evening papers, computerised photosetting, video display terminals, and modern teleprinters for the group network. It is expected that expenditure will continue at this kind of level for the next few years.

Awards and Distinctions

We continue to get at least our fair share of professional awards and distinctions of one kind and another. On newspaper design, for example, the Morning Telegraph was voted the best of the provincial mornings, while the Chronicle & Echo got the same accolade among the evening papers. For editorial performance, the British Press Awards handed over by the Prime Minister a few weeks ago included the Yorkshire Post, the Lancashire Evening Post, and the Chronicle & Echo.

Forward Outlook

For the first three months of the current year, trading was well ahead of the corresponding period of 1979. Since then provincial newspapers throughout most of the country have suffered a costly and damaging dispute with the National Graphical Association. Having regard to this, and likewise to the wider economic imponderables, it is more difficult than usual to forecast the Company's performance for the current year as a whole.

It remains only to thank my fellow directors, executives and staff at every level for their support, their tenacity of purpose, and their hard work in all our interests.

Summary of Results

Year ended 31st December

	1979 £	*1978*** £
Profit before taxation	8,192,000	*6,884,000*
Profit after taxation	4,326,000	*3,861,000*
Extraordinary items (net)	285,000	—
Profit attributable to members	4,611,000	*3,861,000*
Ordinary dividends*	137.14%	*93.19%*
Retained in the Group	2,881,000	*2,698,000*
Ordinary dividend cover	2.57	*3.52*
Earnings per share	61.8p	*55.0p*

*Gross

** 1978 results are restated due to a change in accounting policy for investment grants and re-calculation of the tax charge in accordance with SSAP 15.

The Annual General Meeting will be held at 23-27 Tudor Street, London EC4 on Tuesday, 10th June, 1980 at 12 noon.

United Newspapers

BIDS AND DEALS

Ewer swiftly rejects $6.1m Cowie offer as inadequate

BY REG VAUGHAN

T. Cowie, the Sunderland-based motor dealer, yesterday made its long awaited hid for George Ewer, the motor coach operator and motor trade distributor, but this was quickly rejected by the Ewer Board.

The terms, which underline Cowie's opposition to Ewer's purchase of *Eastern Tractors*, were described as "wholly inadequate" by Mr. Anthony Vincent, deputy chairman of Ewer.

Cowie, which already has control over 33.96 per ceot of the Ewer shares (including options on 4 per cent), has pitched the offer in two forms. The basic offer to Ewer holders is worth 52½p per share, but if the Eastern Tractors deal lapses Cowie would increase the offer to 55p. The Ewer shares closed 1½p higher at 51½p, yesterday while Cowie lost ½p at 40p.

The basic offer terms are: 14, 10½ per cent convertible redeemable preference shares of Cowie, plus £38.50 cash for every 100 Ewer shares. Taking the convertible at par the offer values each Ewer share at 52½p and places a value of some £6.1m on the shares now being bid for and a value of £9.3m on the entire Ewer capital.

Mr. Anthony Vincent, deputy chairman of Ewer, said yesterday he could not see much commercial logic to joining Cowie and felt it would be an "inhibiting move" for Ewer. He pointed out that Ewer and Cowie combined would have five Ford franchises which is the maximum Ford allows.

Mr. Vincent thought that the purchase of Eastern Tractors was a "fine deal" for Ewer holders and he was confident that it would go through unhindered. He admitted that there was some shareholder opposition to the deal but evidence of support for the move outweighed this.

Mr. Tom Cowie, chairman of Cowie, said that he was optimistic about the offer. He said it spells out to Ewer holders the disadvantages of the Eastern Tractors deal. "If we can stop the acquisiton it will be a good job for Ewer shareholders."

In its statement Cowie says that there would be substantial commercial advantages stemming from a merger. In particular the larger number and wider spread of locations will improve the self-drive hire collection and vehicle delivery service. Also the heavy involvement of Cowie in leasing and contract hire should prove to be a source of increased business.

Cowie also feels that Ewer's involvement in Bedford commercial vehicles will be complemented by Cowie's Ford commercial vehicle dealership. Cowie feels that its four Ford car dealerships and Four Talbot dealerships, together with its other car franchises would, when merged with Ewer's car activities, provide a well balanced group, with a wider spread of locations.

Cowie intends that the business of Ewer should be maintained and developed but in the event that the Eastern Tractors deal goes through Cowie would reserve the right "to take what action regarding that investment it felt appropriate, in the light of information then available."

Ewer lifted pre-tax profits from £1.38m to £1.56m in the year ended September 30, 1979. Of this figure £969,000 (£863,000) came from the motor trade, with the balance from coach travel activities. Ewer's turnover rose from £22m to £25.9m.

Earlier this week Cowie reported first-half 1979-80 profits before tax down from £756,000 to £652,000, after heavier financing charges of £1.46m (£887,000). Turnover rose from £25m to £30m. The profit for the previous year amounted to £2.11m, on a turnover of £59m.

SE inquiry clears DCM share deals

A Stock Exchange inquiry has found no evidence of irregular dealings in the shares of toy group Dunbee-Combex-Marx. The inquiry covered the period from August 31, 1978, to October 27, 1978.

While no "incorrect conduct" is established, it is acknowledged that details of DCM's forward order position could have become sufficiently widely known in the U.S. toy industry to influence share dealings.

Marsh plans listing on London and European exchanges

AS PART of its proposed bid of over £240m for C. T. Bowring and Co., the British insurance broker with banking, credit finance and large Lloyd's of London interests, Marsh and McLennan Companies Inc. of the U.S., the world's largest insurance broker, is planning to seek a listing for its stock on the London Stock Exchange.

Mr. John Regan, chairman of Marsh, told nearly 300 Bowring shareholders at a presentation yesterday that "in order that our equity be valued at a price more familiar to the UK investor, we expect to split our shares one for one and actively pursue the possibility of creating bearer depository receipts representing one-tenth of a new share. These BDR's would be sterling denominated both as to price and dividend payment."

Marsh and McLennan is also considering seeking quotes for its shares on other European exchanges where Bowring is already quoted.

"We would hope to develop these listings into other active markets for investors in countries where we do business."

In response to questions from the audience about the possible conflict between the broking operations of Marsh and McLennan and the Lloyd's underwriting interests of Bowring and the possibility that underwriters might be under some pressure from the Marsh parent broking company, Mr. Murray Lawrence, non-marine underwriter for Bowring, said: "Certainly if Marsh and McLennan were so stupid as to try and exert pressure on us they would find themselves looking for a new non-marine underwriter."

Talks are now under way between Bowring and Marsh over the future of Singer and Friedlander, the merchant banking subsidiary of Bowring. Because the bank is unlikely to be allowed to keep its accepting house status under U.S. ownership, a sale is to be made.

Mr. Gilbert Cooke, Bowring's managing director, said there were three alternatives: a deal that would give the bank's senior executives control; a sale to an acceptable party who would operate the group as its merchant banking arm; and a merger with another merchant bank.

Marsh said yesterday afternoon that there was "a full spectrum of interested parties," for a deal over the disposal of Singer and Friedlander.

Mr. Dyer resigns from Armstrong Equipment

MR. J. H. DYER, the executive who expects to join the board of Chisty Brothers if the £600,000 offer from brokers, Simon and Coates, succeeds has resigned from Armstrong Equipment where he was managing director of the fast expanding light engineering and fastenings division.

A statement from Armstrong yesterday said that the group "had no prior knowledge of the matters referred to in the announcement of Simon and Coates and was not and is not in any way associated with the proposed offer, or for the proposal for Mr. Dyer to join the board of Christy. Mr. Dyer is no longer employed by the Armstrong Group.

Mr. Harry Hopper, chairman of Armstrong, added yesterday that Mr. Dyer had "resigned because he released that there was a conflict between his own interest and the job he was doing with us."

"If you have an on-going executive job you have to give your full time attention to that. If you have invested your own money in a company which is losing money you are going to be looking hard at that," Mr. Hooper went on. Mr. Dyer will get some compensation, he will be paid an adequate part of what he would be entitled to this year in the way of special bonuses."

Mr. Dyer and his wife each own under 5 per cent of Christy and, with recent purchases in the market, Simon and Coates now control 20.5 per cent of the shares. The bid has been pitched at 30p per share and the firm has offered to stand in the market to buy shares from holders wishing to realise their investment before the offer is posted.

The shares, however, have been trading in a thin market at between 2p and 3p over the offer price and Christy is prepared to believe that a counter-bid may be mounted.

SUSPENSION FOR STEAUA

At the company's request, the listing of Steaua Romana (British) shares was suspended on Thursday pending further announcement.

Caparo gains control of LKI

FOLLOWING purchases in the market yesterday Caparo Investments, the Indian-owned private concern, has increased its stake in L.K. Industrial Investments to 50.01 per cent of the voting capital.

Caparo, which acquired its original LK stake through the acquisition of Empire Plantations and Investments, announced earlier yesterday that it had raised its stake in LK to 47.57 per cent, and under the Takeover Panel rules would extend offers of 16½p cash to remaining shareholders.

Later Caparo announced a further share purchase of 2.44 per cent giving it control of LK. The directors said that the cash offer was now unconditional as to acceptances but remains conditional solely on the offer not being referred to the Monopolies Commission. Caparo intends to maintain a listing for the LK shares.

LK, which is involved in the manufacture of metal products and sale of products to the clothing trade, showed a loss before tax of £14,868 for 1979 (profit £201,326).

WARING AND GILLOW/MAPLE

Fielding, Newson-Smith, as brokers to Waring and Gillow purchased on their behalf 100,000 ordinary shares in Maple and Co at 34½p on Wednesday.

QUEENS MOAT

Queens Moat Houses, hotels group, is buying the Manor Hotel, Banbury. The total consideration for the freehold is £500,000 to be satisfied by the issue of new fully-paid Queens Moat ordinary shares to the vendor ranking pari passu with the existing ordinary shares.

The quantity of ordinary shares to be issued will be ascertained as at the date of completion subject to a maximum of 1,700,000 with any residue in cash.

MFI has 80% of Status

MFI has received acceptances in respect of 30.64m ordinary Status Discount shares representing 79.9 per cent. The offer is now wholly unconditional.

Previously MFI held 4.1 per cent of Status.

The proposed acquisition by MFI Furniture Group of Status Discount is not being referred to the Monopolies Commission.

Chairman's Comments at the Annual General Meeting

At the 135th annual general meeting of the Royal Insurance Company Limited held on Wednesday, 14th May, in Liverpool, the Chairman, Mr. D. Meinertzhagen made the following comments additional to his statement circulated with the annual Report and Accounts.

In 1979 there was a marked downturn in the underwriting result reflecting a deterioration which affected most of the major insurance markets in the world. A contributory factor was an exceptionally high level of severe weather claims, particularly in the United States, United Kingdom and the Caribbean.

We suffered an underwriting loss in the USA, but the result, taking into account the high level of extreme weather damage, was not unsatisfactory.

In Canada, an unusually large increase in claims frequency in several major lines of business combined with the impact of continued high inflation to produce a serious underwriting loss in the territory. We have taken suitable further remedial underwriting and marketing actioos. The effect of these, however, will to some extent depend upon the willingness of the rest of the market to reflect emerging experience in adequate premium rates.

In Australia, the underwriting loss increased as a result of a further deterioration in underwriting conditions, but here too additional measures have been taken to improve our underwriting performance.

On a more happy note, our operations in the United Kingdom and the Netherlands both produced underwriting profits. That for the United Kingdom was somewhat lower than in 1978, but still very ceritable bearing in mind the impact of the severe weather. In the Netherlands the return to underwriting profitability was particularly gratifying.

As I said in my Statement, competition throughout the world has remained strong and in our view, irrational in some areas. In these difficult conditions we have maintained our policy of not writing business at rates which we consider to be inadequate. This, however, has not affected our policy of developing and expanding our business in those areas and in those classes where we see prospects of profitable growth.

In contrast to the underwriting deterioration it is appropriate to note the increases achieved in investment income and in the contributions from long term insurance and associated companies.

The final result, which reflects great credit on all concerned, has enabled us to recommend a further increase in our dividend whilst still retaining in the business sufficient resources ot support continuing growth.

Estimated Results for the three months ended 31st March 1980

As has been pointed out previously the result of one quarter should not be taken as providing a reliable indication of the outcome for the year as a whole.

	3 months to 31 Mar. 1980	3 months to 31 Mar. 1979	Year 1979
General Insurance:	£m	£m	£m
Premiums written	320.7	331.4	1,225.1
Underwriting Results:			
U.S.A.	−8.0	−7.8	−8.2
Elsewhere	−3.7	−12.1	−8.3
Total	−11.7	−19.9	−16.5
Investment Income	33.6	30.7	133.0
Long term insurance profits *(Note 1)*	2.2	1.1	7.7
Shares of Associated Companies' profit *(Note 2)*	1.4	0.9	7.3
Total profit before taxation	25.5	12.8	131.5
Less: Taxation	10.8	3.4	56.8
Minority Interests	0.3	0.1	0.9
Balance after tax of stockholders' long term insurance profits 1975/78	—	—	7.2
Net profit attributable to the Company	14.4	9.3	81.0
(pence per unit)	(9.6p)	(6.2p)	(53.9p)
The operating ratios for the U.S.A. on the U.K. basis are:—			
Claims as % of earned premiums	74.5	76.1	68.3
Expenses as % of written premiums	30.7	28.7	32.5
Operating ratio	105.2	104.8	100.8

Exchange Rates

In the above figures, foreign currency has been converted according to our normal practice at approximately the average rates of exchange ruling during the period. The principal rates were:—

	3 months to 31 Mar. 1980	3 months to 31 Mar. 1979	Year 1979
U.S.A.	$2.25	$2.01	$2.12
Canada	$2.62	$2.33	$2.49
Netherlands	Fls4.41	Fls4.04	Fls4.26
Australia	$2.04	$1.78	$1.90

Premiums written in the first quarter of 1980 have been depressed in sterling terms in comparison with the same period in 1979 due to movements in exchange rates. The underlying growth in premium income was about 4.5%.

The effect of changes in exchange rates on the comparison of the first quarter results was to depress the profit before taxation by £1.3m; the investment income was adversely affected by £3m whereas the underwriting result benefited by some £1.7m.

Note 1 Following the decision to change for 1980 onwards the valuation period of long term business to an annual basis, the figure of £2.2m is a quarter of the estimate of the stockholders' proportion of the long term insurance profits relating to the current year. The figure shown for 1979 is one twelfth of the stockholders' profit arising from the 1977 triennial valuation.

Note 2 The figure for the first quarter 1980 includes the contribution from Aachen and Munich which was first treated as an associated company in the 1979 results at the half year stage following the increase in our shareholding to 20% earlier that year.

Comments on the first quarter's results

These figures show that we have made a profit before taxation of £25.5m, an increase of £12.7m on the profit for the first quarter last year of £12.8m.

The overall underwriting result was a loss of £11.7m, a reduction of £8.2m on the loss of £19.9m in the same period last year when the result was so severely affected by extreme weather conditions.

In the United States there was some improvement in the personal automobile business following a reduction in claims frequency and in the property account due to the somewhat lower level of large claims and more normal weather experience. However, this improvement was more than offset by a deterioration in the workers compensation, general liability and commercial automobile lines. As a result there was a slightly increased underwriting loss of £8.0m.

In the United Kingdom we achieved a profit compared with a large loss for the first quarter of last year. There was a reduced underwriting loss in householders' business due to an absence of severe weather although claims frequency of non-weather related claims continued to rise. There was also an improvmeent in both the commercial property and motor accounts.

In Canada the claims frequency particularly in automobile and homeowners' business continued at a high level and produced some worsening in the result. Underwriting losses were incurred in most major lines.

In the Netherlands there was an underwriting profit compared with a marginal loss at the same stage last year.

Trading conditions in Australia generally remained very difficult. Particularly adverse experience in property business, where there was an unusually high number of large losses, contributed to the increased underwriting loss.

In "Other Overseas", results slightly worsened.

Investment income in the quarter rose from £30.7m to £33.6m. The increase in sterling terms of 9.2% was depressed by movements in exchange rates, the underlying growth being 18.9%. The overall effect of changes in exchange rates on the comparison of the first quarter results was to depress the profit before taxation by £1.3m.

The Report and Accounts were adopted and the other formal business was duly transacted. The proceedings terminated with a vote of thanks to the Directors, Management, Staff and Agents.

Royal Insurance

UK COMPANY NEWS

Hunting Associated growth marred by air freight losses

HELD BACK by increased losses of £817,000 against £26,000 at Channel Island Aviation, pre-tax profits of Hunting Associated Industries improved by £0.43m to £5.33m in 1979.

At halfway, when profits were little changed at £2.52m (£2.5m), the directors said the full year should show a modest improvement. They now describe the result as not quite showing the increase which might have been expected; the main shortfall resulting from the costs of supporting the newly acquired Channel Islands associate, control of which was taken on December 31, 1979. The problems there have largely been contained, they add.

They expect 1980 to show an improvement and that further growth will occur thereafter. The current year has got off to a reasonable start. Both the defence orientated companies and the aviation-based businesses should have a good year but problems still exist in the survey and boat building division. Canadian and South African interests, taken as e whole, should slightly improve.

Basic earnings per 25p share for 1979 rose from 34.69p to 38.86p and fully diluted from 26.02p to 29.14p. The total dividend is hoisted from 2.44p to 5p net, with a final payment of 2.5p.

Turnover advanced to £124.07m (£103.09m) and trading profits finished £1.15m higher at £6.63m. A breakdown of these figures shows (£000s omitted): aviatioo support £38,861 (£31,480) and £3,077 (£2,288); engineering £66,846 (£54,729) and £3,303 (£2,603); resource surveys and photography £18,360 (£16,880) and £254 (£589).

After tax of £1.9m (£1.54m), minority profits of £314,000 (£157,000) and extraordinary credits of £250,000 (£1.59m), resulting on gains on the sale of freehold premises, the attributable balance emerged at £4.97m (£5.8m).

● comment

Hunting Associated, the largest of the Hunting trio, has come through with the smallest income growth at 7.3 per cent. The main problem was the Channel Islands air freight group, which lost 817,000 in its first 12 months on the Hunting team. This was caused by last year's lorry strike and poor weather. Improvements came mostly in the second half and two bright spots were the group's engineering and eviation support businesses. The former registered e 27 per cent rise in trading profits as a result of higher defence spending in the UK. The aviation "garage" busioess progressed with e 34.5 per cent rise in earnings thanks to an increased number of customers. Hunting is looking for an overall opturn in the current year, bot the Channel Islands business may not be in the black until the second half. Despite a doubled dividend the yield is still only 2.1 per cent covered almost eight times. At 345p, the fully diluted p/e comes to 11.8.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—M. J. Gleeson (Contractors), Spencer Clark Metal Industries.

Finals:—Barec, J. Billam, Amos Hinton, C. and W. Walker, Thomas Warrington.

Retail lift cuts Heal loss

INCREASED profits from the retail division helped Heal and Son Holdings, retail furnisher, bedding manufacturer and textile converter, reduce its pre-tax losses from £490,000 to £192,000 in the year ended January 31, 1980.

However, the results were adversely affected by high interest—up from £276,000 to £359,000—and e disappointing performance from tha contractual division, say the directors. Turnover eased to £11.34m (£12.81m).

There is e tax charge this tima of £1,000 (£62,000 credit), and an extraordinary debit of £175,000, arising from e loss on the disposal and subseqnent liquidation of George Coulter, the building subsidiary.

The dividend is again omitted—the last payment was 5p net in respect of 1976-77.

The directors are planning a one-for-two scrip issue.

Earnings, after tax of £1.11m (£1.09m), are shown as 5.67p (4.6p) per share. Dividends absorb £2.81m (£1.92m) and tha retained surplus is £71,558 (£16,073).

Receiver for T. Potter

NEARLY all the 500 employees of T. Potter and Sons, the Port Talbot builders, have been dismissed. Mr. William Sowman, the receiver appointed on May 12, said the company was no longer in a position to cootinue its housing and civil engineering cootracts. Only a nucleus of the 500 workforce was being retained.

WHITBREAD INVESTMENT CO.

Taxable profits of the Whitbread Investment Company went ahead from £3.02m to £3.5m in the year to March 31, 1980. The dividend is stepped up to 5.5p (4.5535p) with a final of 3.52p and the

FIRST SCOTTISH AMERICAN

LISTING HAS beeo granted for 1,833,525 ordinar yshares of First Scottish American Trust which have been issued against conversion of £1,992,962 5 per cent converted unsecured loan stock 1902-97 with effect from May 1.

BANK RETURN

	Wednesday May 14 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	29,084,200	+ 1,584,430
Special Deposits	218,710,000	+ 3,135,000
Bankers Deposits	471,481,453	+ 127,252,601
Reserve & other Accounts	659,743,148	— 86,459,478
	1,393,571,801	+ 105,512,559
ASSETS		
Government Securities	818,086,810	+ 300,595,000
Advances & Other Accounts	365,534,866	— 163,948,401
Premises Equipment & Other Secs.	229,668,257	— 39,095,737
Notes	21,007,780	+ 7,961,626
Coin	290,088	+ 71
	1,393,571,801	+ 105,512,559
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,000,000,000	— 75,000,000
In Circulation	9,978,992,220	— 82,961,626
In Banking Department	21,007,780	+ 7,961,626
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,038,150,667	+ 457,138,095
Other Securities	1,949,853,973	— 532,138,093
	10,000,000,000	— 75,000,000

GA up £7.8m in first quarter

PRE-TAX PROFITS of General Accident, Fire and Life Assurance Corporatioo more than doubled over the first quarter, from £5.5m to £13.3m, despite only marginally lower underwriting losses. A 26 per ceot rise in investment income from £22.3m to £28.1m accounted for this improvement.

After deducting higher tax charges, the oet profit attributable to shareholders over the period jumped from £4.4m to £10.2m.

The group showed strong premium growth over the period, rising in sterling terms by 17 per cent from £199.7m to £234m. Currency fluctuations made very little difference to the increase. This strong premium growth and continued high interest rates accounted for the good investmeot income performance.

The overall underwriting loss for the first quarter amounted to £15.2m against a loss of £17.1m in 1979. But in the U.S., the underwriting situation worsened with e loss of £3.2m compared with £600,000 loss previously. The operatioog ratio declined from 99.6 per ceot to 103.1 per cent. All major lines of usiness except property were affected.

The overall underwriting position improved in the UK over the period, the loss being reduced from £11.9m to £9m. However, in the motor account—GA is the largest motor insurer in the UK—underwriting losses rose from £4.7m to £5.6m despite the improved weather in the quarter compared with the severe winter in 1979.

The howeowners account showed a significant improvement of £3m, though still recording underwriting losses. The mild winter weather and premium rate increases brought about this improvement. There were better results in other major UK accounts except industrial property. This suffered an increased loss doe to the high number of large fire claims. GA, in common with other insurers, was affected by the £72.5m damage cost of the fire in January et the Weybridge warehouse of the British Aircraft Corporation, the largest fire claim ever.

Improved underwriting results were achieved in Canada and Brazil. But in Europe, only the Netherlands showed better figures.

● comment

The market was disappointed with General Accident's first-qoarter results for despite the mild winter weather oo both sides of the Atlantic, it could only rednce its underwriting losses by £1.9m to £15.2m. In the U.S., GA is very much into the down cycle and in the absence of any major rate increases it will be fortunate to bold its operating ratio at 103 per cent. In the UK, it is oot containing rising claim costs on its motor business and losses are increasing even though the nomber of claims is oow steady. Another hefty motor rate increase leter this year looks inevitable. The householder account has improved and a break-eveo positioo should be reached by the end of the year. On the bright side, the group has improved investment income by one-quarter and doubled earnings. Yet the market cut the share price by 14p to 242p, where the yield is 7 per cent.

Folkes Hefo improves by 11%

PRE-TAX profits of John Folkes Hefo, the Midlands engineering group, improved 11 per cent from £3.5m to £3.88m doring 1979. The progress shown in the first six months contioned into the second half when profits went ahead from £1.99m to £2.17m.

After tax down from £695,000 to £349,000, net profits advanced from £2.81m to £3.53m. The final dividend is raised from 1.1387p to 1.26p for e total of 1.76p against 1.5787p. Divideods cost increased to £848,825 compared with £703,859 in 1978. Retained profit was op from £1.84m to £2.42m.

Both the industrial property and engineering divisions failed to improve their profits and shaded slightly in 1979. Industrial property was lower at £1.21m (£1.22m), and engineering was £13,00 down at £1.62m. The merchanting division's share improved from £493,000 to £500,000, and bousing advanced from £153,000 to £551,000.

The pre-tax figure was struck after depreciatioo £1.36m (£1.21m) and interest of £872,000 (£710,900).

Mr. J. W. Hearnshaw, the chairman, says profits in the first quarter are et a higher rate than in the correspooding period last year.

Turnover for 1979 was £74.4m against £67.47m.

Net assets per 5p share (after incorporating industrial property revaluation) increased 52 per cent to 57p.

The chairman said later that strikes cost the group an estimated £700,000 last year and higher interest rates £220,000. The financial position was strong and likely to improve. Borrowings were £2.5m less than in May, 1979.

● comment

Buoyant housing rescued JFH from a property and engineering downturn, to leave group profits 10 per cent ahead and roughly in line with market expectations. The company reckons strike damage at £700,000, with interest charges and tenant bankruptcies holding back property. The dividend is uncovered on a CCA basis, and things will get worse next year as depreciation bites into the bargain basement Park Webb plant. Furniture and building supplies is still losing money, with the company resigned to hanging on through a bleak short-term future. The steel strike knocked stocks out of kilter, but in the longer term has probably put JFH into a generally stronger market position. With the share price languishing at 29p, against 57p oet worth oo historic eccounting and an academic 78p on CCA, shareholders might look forwrad to a spinning off of housing and perbaps property. The fully-taxed p/e stands at 7.2, and the yield is ao historic 8.7 per cent. For the current year, an expected £800,000 profits boost from forging and property could well be absorbed by the rest of the group, leaving the cootinuing reductioo io borrowings to help profits ahead.

Lloyds and Scottish feeling effects of high interest rates

AS A result of high interest rates which prevailed throughout the period, profits before tax of Lloyds and Scottish, finance group, fell by 10.2 per cent from £12.26m to £11m for the half-year to March 31, 1980.

The directors say profit margins on a major part of the group's business will cootinue to be under pressur euntil there is as ignificant reduction in interest rates.

Reflecting a redoced tax charge of £5.02m (£6.14m), attributable profits, after minorities, dropped 3.6 per cent to £5.62m.

Stated earnings per 20p share slipped from 5.43p to 5.22p, but the interim dividend is held at 1.87p oet—lest year's total was 5.27p on record pre-tax profits of £27.8m.

The interim payment again ebsorbs £2.01m leaving a retained surplus of 3.61m for the half year, compared with 3.82m.

The consent of the U.S. Federal Reserve Board to the company's purchase of James Talcott Factors Incorporated bas now been giveo and it is expected that the final arrangements for this acquisition will be completed shortly.

● comment

With ebout half its lending out on fixed rates, Lloyds and Scottish is suffering through the current period of extremely high interest retes. Despite an increase in volume, profit in the first half dropped 10 per cent, and since there is e two-month lag in the impact of interest rate reductions, bope for the secood balf has faded. On estimates of pre-tax £25m profit for the year, the prospective p/e is 13.4, after the shares fell 1p yesterday to 143p. No more than a token increase in the dividend is expected and so the prospective yield would be slightly under 6 per cent.

Lonrho plans loan stock modification

Lonrho, the international trading conglomerate, is proposing to amend the trust deeds constituting its unsecured loan stocks.

Under the arrangement the definitioo of share capital and consolidated reserves, employed in determining an overall limit oo group borrowiog, is to be modified "in order to bring that limit substantially into line with the limit cootained io the company's articles of association."

The move will require the sanction of holders of the 8 per cent unsecured loao stock 1980-1985 and the 8 per cent convertible unsecured loan stock 1981-86.

It will involve a ½ per cent per annum increase io the rate of ioterest oo both stocks with effect from June 9, 1980, and the bringing forward of the repayment dates to June 30, 1983, in the case of the loan stock, and April 30, 1894, in the case of the convertible stock.

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Companies and Markets

UK COMPANY NEWS

Severe downturn for John Foster

WITH TRADING conditions worsening to a greater extent than anticipated during the last three months of the financial year, John Foster and Son, spinner and weaver, reports a drop from £886,151 to £228,973 in pre-tax profits for the year to February 29, 1980. In the first half there was a loss of £262,004 against profits of £61,617.

A further fall in mohair prices resulted in unforeseen stock losses, and the continued strength of sterling remained a handicap for the group's export trade. In the circumstances, the directors are cutting the final dividend from 1.5p to 0.5p, against a forecast of 1.5p, for a net total of 1.5 (2.5p).

After tax down from £102,587 to £69,504 and an extraordinary debit of £105,773 (nil), stated earnings per 25p share have plunged from 12.6p to 1.5p.

The extraordinary debit comprises cost of closure of a subsidiary's weaving mill and refurbishing costs written off amounting to £82,373, and deficit on disposal of controlling interest in the Australian company John Foster Valley amounting to £23,400.

Dividends absorb £122,850 (£175,578), leaving the company with a loss of £107,814 (profit £584,978).

Mr. G. B. F. Grant, the chairman, says trading conditions for the current year are likely to remain difficult, with the outlook at home bleak. He believes, however, that there are good reasons not to expect a fall in export demand for the group's speciality cloths, which represent the greater part of the turnover.

If exchange rates in major export markets move favourably as currently indicated, and lower prices for mohair are maintained, the board feels that the return to improved profitability should be sooner rather than later.

He says the programme of rebuilding, refurbishing and re-equipment commenced in 1973-74 was completed with capital expenditure in 1979-80 of £1.2m.

Turnover for the year was down from £15.74m to £14.16m.

● comment

It is another tale of woe from John Foster. Its exports have suffered from the strength of sterling—over 70 per cent of turnover goes overseas the major market being mohair to Japan. There is a near £100,000 write-off on stocks—the mohair price slumped 50 per cent in the closing three months of the year. Interest charges are about a third higher—capital spending of £1.2m has been financed by bank borrowings and, of course, interest rates are higher. Moreover the home market is "dreadful" due to the impact of imports from the Far East, and there is no contribution from the former Australian subsidiary in the second half. The poor result and cut dividend might be more bearable if the outlook was brighter. The Japanese are destocking which is bad news for this year's trading. One good point is that the mohair price fall makes it a more competitive suiting material and does give Foster a chance to beef up margins. At 26p the shares have little backing in a yield of 8.4 per cent and p/e on stated earnings of 17. The n.a.v. per share is around 75p—the company estimates a more realistic 100p—but it is hard to see Vantona making a move to bid and the hoped for recovery in 1981-82 seems a long way off

Wm. Leech up 29% so far

ALTHOUGH PRE-TAX profits of William Leech show a 29 per cent advance from £2.34m to £3.02m for the 12 months to February 29, 1980, Mr. J. R. Adamson, the chairman, warns that this trend is not expected to continue in the final third of the current 18 months accounting period when high interest rates will take their toll.

Turnover for the 12 months of this housebuilding and development group climbed by over £20m to £51.68m, while trading surplus reached £2.99m, compared with £2.35m. Associates contributed profits of £35,000 (£10,000 losses).

After tax of £424,000 (£509,000) net profits increased from £1.83m to £2.6m, representing stated earnings per 20p share of 17.33p (13.26p). A second interim dividend of 3.3p net, costing £495,000, makes a total to date of 6.8p, which compares with 6.64p in the previous year.

Cater Ryder slips £0.5m

After rebate, tax and transfer to contingencies, profits of Cater Ryder and Co., bill broker and banker, fell to £983,417 in the year to April 30, 1980, compared with £1.51m.

The dividend is lifted to 21p with a final of 16.7125p — last year's total was 19.0782p including a supplementary final of 0.19497p.

HOME FARM AT PREMIUM

A premium of 20p for the shares in Home Farm Products soon developed yesterday when dealings started for the first time. The shares, placed by brokers Capel-Cure Myers at 55p each, opened around the 76p mark and in fairly active trading held steady closing at 74p.

MINING NEWS

CSR seeks bigger iron ore role in Pilbara

BY PAUL CHEESERIGHT

CSR, the Australian resources conglomerate, is entering the race to win contracts and finance for the development of new iron ore mines in the Pilbara region of Western Australia. Its Yandicoogina deposit theoretically could be in production by 1984.

The group is working towards being in a position by the end of the year to put together a package involving equity partners, development finance and long term contracts, Mr. Bill Bennett, executive director of CSR's Pilbara Iron unit, said in London yesterday.

Earlier reports from Sydney had said CSR may start development of Yandicoogina later this years.

Yandicoogina is one of several iron ore deposits in Western Australia which could come on stream by 1984, if market circumstances required it, Mr. Bennett noted.

But there were early indications that any attempt to rush the deposit to the development starting line would be resisted by CSR's partners in the Mount Newman joint venture.

CSR owns Yandicoogina in its own right, but it also has a 30 per cent stake in Mount Newman, whose mine is 80 km away and whose rail outlet to the sea is 30 km away.

Other partners in Mount Newman are Broken Hill Proprietary with 30 per cent, Mitsui-C. Itoh with 10 per cent, Seltrust Holdings with 5 per cent, and Amax Iron Ore, the marketing agent with 25 per cent.

Mr. Bennett acknowledged that plans for the development of other deposits were more advanced. Some had agreements with the Western Australian Government. If Yandicoogina is to be in the race at all, he said, it would be necessary to make preparations for a development package to come together by the end of the year.

The other deposits considered most likely to be exploited in this decade are Area C, West Angeles, Deepdale and Marandoo. But their future, as Yandicoogina's, depends on the attitude of the Japanese steel industry.

The Japanese have been studying all these deposits with a view, it is thought, to making a decision by the end of the year about their future needs and the manner in which the needs would be pursued through the negotiation of long-term supply contracts and the provision of equity financin.

CSR, in common with the holders of the other deposits, will not proceed to development without sales contracts. Any new project would cost at least A$400m and long termcontracts would be needed for project financing, Mr. Bennett said.

CSR has been testing the water with the Japanese and a mission was in Tokyo for talks last week. But in the Australian industry it is believed that Yandicoogine is some way down the list of Japanese priorities.

The deposit has been considered by the Mount Newman venturers as an alternative source of material for use sometime in the future, but CSR's individual consideration of the deposit's management suggests it will not be indefinitely satisfied to have Yandicoogina relegated to an ancilliary role.

But the international recession in the steel industry has reduced Japanese iron ore requirements. The Japanese have not been taking up their contractual entitlement, said Mr. Elwin Smith, president of Amax Iron Ore and sales negotiator for Mount Newman.

He was not prepared, he said, to see a newcomer in the Western Australian iron ore trade with Japan until the Japanese were taking up their full entitlement. "Japan may have forward demands, but it also has forward obligations," he said.

Mount Newman was not prepared to bow out before some newcomer, he made clear. It wanted a full account for the investment it had made. It was a going operation holding definite agreements with the Japanese.

Disputes hit Mount Newman

A WARNING that the chronic labour unrest in the Pilbara could cause irreparable damage to the future of this great iron ore region has come from Mr. John Du Cane in his speech to the *Perth* meeting of Seltrust Holdings, the Australian arm of London's Selection Trust group.

He disclosed that in common with the other iron ore mines in the area, the big Mount Newman operation has continued to suffer badly from labour disputes and so far this year it has been prevented from shipping ore for a total of 51 days.

Such stoppages, he said, "have undermined confidence in Australia as a stable source of supply to the extent that potential customers feel obliged to look for supplies elsewhere, to the detriment of expansion and employment possibilities in Australia."

Mr. Du Cane also told the meeting of expansion hopes for the new Agnew nickel mine in Western Australia where the group is partnered by MIM Holdings.

Confirmatory drilling is to be carried out on a deeper lying zone at the property which is thought to contain some 16m tonnes of mineralisation.

Meanwhile, Agnew is still overcoming its teething troubles and this year's output of nickel is expected to fall short of the previously estimated 12,000 tonnes.

Kwik-Fit soars 74% to £2m

SECOND-HALF pre-tax profits of Kwik-Fit (Tyres and Exhausts) Holdings advanced £578,246 to £1.19m and this resulted in figures for the full year to February 29, 1980 improving by 74 per cent from £1.15m to £2m.

After tax up from £225,039 to £616,079, stated net earnings per 10p share are 6p (6.17p); pre-tax earnings were 8.75p (7.65p). The final dividend is raised from 0.621p to 0.737p, making the total 1.34p (0.921p). There was an exchange loss of £44,575 compared with a gain of £10,835 last time.

Mr. W. A. Stenson, the chairman says the retail tyre and exhaust division increased its profits by 70 per cent and is now the largest independent retailer in Europe. Dutch company Van Rooy Dorsman reported a slight fall in profits due to difficult trading conditions in Holland, and the strong pound.

The group is increasing its retail tyre and exhaust operation in the UK and Europe, and two depots will open shortly, one in Paris and one in Essen. A further 14 are being developed in the UK and the group is well-placed to maintain its position as market leader, he says.

Turnover for the year climbed from £11.53m to £15.81m.

WARNFORD INVS.

In yesterday's report on Warnford Investments, the property investment group, an extraordinary credit of £750,324, being the net surplus on disposal of properties and investments, was incorrectly shown as a debit due to an agency error.

Carless Capel flourishes in healthy oil market

IN A very short oil market, pre-tax profits of Carles, Capel and Leonard have jumped by £3.69m to £6.27m for the year to March 31, 1980.

The directors report that industrial recession, a very mild winter, leading to some produc[illegible] surpluses, and rising inflation resulted in a lengthening of the marke early in 19[illegible] [illegible] a consequence soma pric[illegible] started to weaken but, although operating margins have fallen from last year's exceptional levels, they remain very healthy.

The board proposes to continue to expand the company's oil and gas exploration activities and it has oegotiated participations of between nine and 12.5 per cent in three groups which intend to apply for licences in the UK seventh round.

Turnover for 1979-80 rose sharply from £38.49m to £63.74m and pre-tax profits were struck after exceptional items of £630,000 (£300,000). Tax took £2.29m (£0.53m) and an extraordinary debit £370,000, leaving the attributable balance at £3.6m compared with £2.04m.

Earnings per 10p share gained 4.9p at 10.1p and the total dividend is hoisted from 1.0289p to 2.5p net, with a final payment of 1.7p.

Due to the rapid increase in oil prices during the year, current cost adjustment will reduce the reported profits by some £3m. Nevertheless, the inflation adjusted pre-tax profit is still more than 78 per cent higher than last year.

● comment

In the sometimes mystical world of secondary oil exploration companies, Carless Capel and Leonard seems to be on firmer ground than others. This is because it derives more than 70 per cent of its earnings from its refinery business. With a 40 per ceot UK market share io hydrocarbon solvents it has a reasonably good source of revenue. Although the group's pre-tax rise is impressive, £3m of the advance stemmed from stock profits. Heading for the interim stage, the company should achieve around £2m, but additional stock profits could alter this. The confirmed oil find at Humbly Grove and plans to join with BNOC and Gulf in Seventh Round bidding mean that the board sees oil as an important part of its future. The final dividend was increased beyond the forecast figure and the yield at 148p comes to 2.4 per ceot. The p/e on a full tax charge is 19.5, a rating which reflects market expectations about the onshore find in Hampshire.

Laporte stronger and set to seek new opportunities

THE FINANCES of Laporte Industries have been put on a good footing and the group is able to seek new opportunities for expansion as a result of last year's £10.6m rights issue says Mr. R. M. Ringwald, the chairman. As known about 58 per cent of the issue was left with the underwriters.

At the end of 1979 net total borrowings were down from £11.77m to £9.77m, excluding debentures. Of capital expenditure, which during the year reached £6.97m (£6.28m), some £8.5m hed been approved but remained to be spent.

The group has started the current year reasonably well following last year's growth in taxable profit from £12.14m to £16.87m, and it is continuing with its restructuring and reorganisation programme.

The board has decided not to proceed this year with a revaluation of land and buildings and of Interox's assets but indications are that they currently exceed book value.

A valuation of the principal Interox companies, except those in Brazil, on January 1, 1979, threw up a £31.37m surplus over the £11.16m book value, which has been taken to reserves.

On the basis of SSAP 16 current cost profit for 1979 emerged at £7.36m (£6.39m) after £3.94m (£4.54m) additional depreciation, £4.88m (£0.86m) extra cost of sales and £2.45m (£1.15m) monetary working capital adjustment less £1.76m (£0.8m) for gearing.

During the year £56,000 was paid to a director for loss of office.

As reported with the results net dividend is lifted to 8.75p (7.55425p).

Meeting, Chartered Insurance Institute, EC, on June 6, noon.

No dividend by British Northrop

ANNOUNCING A pre-tax loss of £632,523 for 1979, compared with £115,584 profit previously, the directors of British Northrop say that the present difficult trading conditions make it hard to be optimistic about the short- and medium-term prospects of this textile machinery and estate development company and therefore no dividend is to be paid. The 1978 payment was 2p net per share.

Turnover for the year dropped from £3.15m to £1.78m and the loss was struck after interest up from £236,569 to £359,683. Tax on property income takes £9.138 (£37,390) and loss per 25p share was 36.9p (earnings 4.5p).

The abseoce of firm orders for textile machinery caused the company to examine its productive capacity an dto reduce the scale of its operations. Reductions bave beeo made in the size of the labour force and consolidated into a more realistic unit which will remain viable onder existing circumstances.

As a result of a review of the rate of movement of stocks of traditional spare parts, a further provision has been made to write down existin gstock values. Extraordinary debits of £387,102 (£258,000) comprise the whole of the re-organisatioo costs and this stock provision.

Followiog these measures, textile machinery results for the first qnarter of 1980 have shown a significant improvement.

Rental from the industrial estate has risen to over £250,000 per annum, while development expenditure has given the company a good range of machinery with which to exploit any market recovery.

IN BRIEF

SCOTTISH NORTHERN INVESTMENT TRUST—Pre-tax revenue £2.47m (£2.11m) for year ended March 31, 1980. Dividend 3.14p (2.533p adjusted) net per 25p share with 1.84p final. Earnings 3.15p (2.59p). Net asset value 101.4p (102.63p). Tax £774,980 (£710,643).

ABERDEEN INVESTMENTS—Final 2.3p making 3.5p (2.85p) net per 25p share for year to March 31, 1980. Pre-tax revenue £105,566 (£91,213). Tax £33,629 ([illegible]). Net asset value per share [illegible] (79.4p).

PENNINE COMMERCIAL HOLDINGS (vehicle retailer)—Turnover for year to January 31, 1980, £3,278,168 (£1,347,852). Pre-tax profit £10,172 (£9,408). Tax £49,000 (£8,874). Extraordinary credit £11,819 (nil). Loss per 10p share 0.34p (earnings 0.007p). Group currently negotiating for sale of its two garages operated by Hughes and Bolton, and John Fewster.

MARITIME INSURANCE COMPANY—Premium income for 1979 £4.06m (£3.9m). £323,000 loss (£749,000 profit) transferred to profit and loss account. Profit before tax £698,000 (£1.46m). Tax £369,000 (£762,000). Retained £1.82m (£1.87m). Investments £8.26m (£8.19m), current assets £9.55m (£8.19m), liabilities and provisions £10.68m (£10.47m).

LONDON AND LENNOX INVESTMENT TRUST—Final dividend 1.9p (1.55p), making a total of 2.45p (2p): net revenue £35?,530 (£259,153): dividends absorb £289,697 (£235,789): stated earnings per 25p share 2.96p (2.2p): total assets at market value £9.12m (£11.46m). Meeting, 2 St. Mary Axe, EC, June 18 at 11.30 am.

BRISTOL WATERWORKS CO.—Net revenue for year to March 31, 1980, £1.56m (£1.82m for 15 months) after depreciation £1.04m (£1.24m), tax £0.78m (£0.99m) and transfer to contingency fund £0.12m (£0.14m). After dividends on preference, 4.9 per cent maximum consolidated ordinary and 3.5 per cent maximum ordinary stock, £1.2m (£1.51m) is carried forward. Deficit for the year, £0.32m (£0.39m). Board considers balance carried forward of £1.2m satisfactory, but its level will be kept under review. Meeting, Bristol, June 30, 12.30 pm.

BROWN AND JACKSON (building and civil engineering contractor)—Results for 1979 with prospects reported April 11. Group fixed assets £3.95m (£2.6m), net current assets £5.?9m (£3.54m). Shareholders' funds £9.3m (£4.48m). Meetiog, Preston, May 29, noon.

CITY OF OXFORD INVESTMENT TRUST—Revenue for year ended March 31, 1980, £321,029 (£244,893) before tax £100,031 (£85,290). Earnings per 25p share, excluding non-recurring Shell dividend, 4.94p (3.91p). Final dividend 3.72p including special 0.47p, making net total 5.47p (2.85p). Net asset value 102.9p (114.8p) per share.

MINET HOLDINGS (insurance broker)—Results for 1979 and prospects reported April 11, 1980. Net current assets £11.07m (£13.24m), decrease in working capital £2.35m (£1.44m). Meeting, Abercorn Rooms, Liverpool Street, EC, May 23, noon.

RANSOMES AND RAPIER (engineer, ultimate holding company is Central and Sheerwood)—Results for 1979: Turnover £23,434 (£20,122,171): pre-tax profit £1,427,463 (£2,440,941).

THIRD MILE INVESTMENT CO.—Results for 1979: Final dividend 0.7p (0.5p) for a total of 1.225p (1.005p). Turnover £763,934 (£523,189): pre-tax profit £101,715 (£75,966): tax £39,512 (£25,685). Stated earnings per 25p share 2.31p (1.83p).

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Five to Fifteen Years

Over Fifteen Years

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29½	25	Met. Wtr. 3pc 'B'	27¾	+¼	11.36	13.37
102	69	U.S.M.C. 9pc 1982	96	.....	9.79	—
90½	55½	Do. without Warrants	90½	.....	10.44	16.40

LOANS—Continued

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هكذا من الأحبل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Nixdorf is taking on IBM

NIXDORF is moving into a new range of computers backed by its large market base of small and medium-sized systems, which are used for distributed processing tasks by large organisations and for a variety of other applications by small and medium-sized business.

This new range has a higher capacity than previous Nixdorf products and brings the group into a market dominated by IBM, the company has announced in Paderborn, West Germany.

The first step involves offering alternative software to IBM users. In pursuit of this aim, Nixdorf has taken over en American software house with an established reputation for developing and maintaining IBM-compatible operating systems.

This software entry by Nixdorf into the mainframe market, according to vice-president Klaus Luft, was a direct result of the growing importance of operating systems and application programs.

In order to meet this nser demand, the Nixdorf Computer Software Company had been formed after the tekeover of the American TCSC software house in Richmond, Virginia. A total of DM 20m he dso far been invested in the acquisition of TCSC.

Nixdoryf is offering alternative software to users of IBM/360 and /370 systems as well as the 4300.

Nixdorf will follow up its software entry into the mainframe market by launching its own large computer systems later this year. These systems—in the price range starting at DM 350,000—will be compatible with IBM computers, enabling customers switching from IBM to Nixdorf to continue using their existing software. The ultimate objective is to offer Nixdorf users a complete hardware/software range from which they can meet al lor just part of their data processing requirements, as needs dictate.

This move up-market, said Klaus Luft, was consistent with Nixdorf philosophy and based on a "proven product strategy." In addition to acquiring customers from the IBM domain, he said, Nixdorf was hoping to increase business from its own customers moving up into the mainframe market. To handle the new activities, Nixdorf has set up a new branch—Compatible Information Systems/C.I.S. in Munich under the management of Gerd Wagner (39).

Further from Nixdorf at the Hounsnow Centra, 1 Lampton Road, Hounslow, Middx.

● ASSEMBLY

Rebuilding of diesel engines

TO MEET demand for completely rebuilt and guaranteed diesel engines at prices some 30 per cent less then new units of the same make and type, Nicol and Andrew has stepped up production and testing processes at its Hillington plant, near Glesgow. The new facilities are now in production on a modernised flow-line principle.

Nicol and Andrew operates two plants hesvily committed to this business: one in Feltham, Middlesex and that in Glasgow and between them they have heen remanufacturing ahout 500 engines per year of between 1½hp and 250hp for industrial and some marine epplications. In eddition N and A sell about another 150 new engines each year.

With the latest facilities at Glasgow, Nicol and Andrew predicts that production for its rebuild and exchange scheme will grow to about 1,000 engines a year from the two existing factories.

Production bays tend to ba dominated by Lister engines.

Empbasis is apparent in the Glasgow plant on the exchange service for Lister LT single-cylinder air-cooled engines of 2½ to 7hp used extensively by plant hire companies, construction operations, for dumper vehicles, tractors, lighting sets and for small boats—fishing, etc—where immediate replacements are necessary. Also undertaken is the conversion of LT Mk I engines to incorporate latest Mk II features.

● METALWORKING

Halves power for extrusions

A MARK 3 version of a "Conform" extrusion machine has been designed by the Sprinfields Lahoratories of the UKAEA's Northern Division. It is expected to be particularly suitable for the continuous extrusion of aluminium architectural section products at an overall efficieny that ond greatly reduce the cost compared with conventional methods of extrusion. It will be able to take feedstock of 50 mm diameter rod or continuously cast section.

Mark 3 is considerably bigger than any previous modela of the Conform machines that have recently begun to move into industry in different parts of the world. The Conform process makes nse of the friction which normally exists between the billet and the container in conventional extruding, both to feed metal up to the die aod to generate the pressure necessary for extrusion to occur. A groove in a driving wheel acts as the three sides of the container for the feerstock, whilst the stationary fourth side holds the die assembly.

At the wheel rotates, the dreg of the atationary side cancels out the effort of ooe of the moving sides, hut there is a net effort of the remaining two moving sides to generate, through sliding friction, temperatures in the metal of up to 450 degrees C, coupled with pressures up to 10 kilobars.

The metal therefore flows through the die and in this way sections of any length can be produced continuously.

Since the idea was first introduced in 1972, about 20 Conform macbines bave been delivered for use in different parts of the world, but a further 10 macbines will be installed during 1980, indicating that the process is now being adopted at an accelerating rate.

The process is applicahla to extrusion in aluminium, copper, magnesium, zinc, precious metals and alloys of these materials and can produce a very wide range of sections. Finned tuhe or flat section tube and other hollow aections can be extruded without difficulty in aluminium. Copper tubing has also been produced.

A valuable recent development is the nse of Conform machines with feeds of metal granules, powders and scrap from a bopper, cutting out several processes compared with conventional recovery methods. Scrap is consolidated into solid material during the very process of extrusion without the need to melt, cast and roll it into billets or rods.

The economy expected from the Mark 3 version is impressive. The Mark 3 would be continuous in operation compared with the 46 per cent idle time calculated for sequential extruding on a conventional 6 inch press. This could give 2 tonnes of throughput per hour, twice as much as the standard press. Power consumption is expected to be 250kW instead of 500kW per tonne, while the capital cost is likely to be about the same.

The UK AEA bas two UK licencees with rights to sell worldwide, even though there are also licensees in the U.S. and Japan. The Springfields Laboratories carry out development work on a fee basis for companies wishing to adopt Conform methods of extrusion, handing over tha new designs to the licensees for manufacture of the final plant.

For further details, contact Advanced Metal Forming Gronp, Springfields Nuclear Laboratories, UKAEA Northern Division, Springfialds Works, Salwick, Preston PR4 0RR

● HANDLING

Forklifting plastic drums

MANHANDLING OF plastic drums ia not only costly—because it is time consuming and labour intensive—it can also be dangerous. In the case of accidental mishandling, or spillage, stock losses can occur and there may he a risk of contamination by toxic or corrosive chemicals.

Use of forklift attachments for loading and unloading of steel drums is common in industry and now the same facility is available for lifting and handling plastic drums, says Bauer, 14, Broadway, St. James's, London, S.W.1 (01-222 5483).

The company's heavy duty steel device has been constructed to standards of safety decreed by the West German Industrial Approvals Board and attachments are available with a 360 kg single, or 720 kg double (twin), drum lifting capacityl. Once the forks are located and secured in position with screw clasps, they are operational within seconds.

Both plastic drum lifters incorporate a specia ltrigger mechanism which allows fully automatic operation using the weight of the drums to draw the hase clamps together.

● COMPONENTS

Re-arranged keyboards on trial

FROM TIME to time formations of typewriter keys other than the standard "qwerty" layout are suggested and evan though they may represent an ergonomic Improvement they bave never been used due to the totally established nature of typewriters and typists.

But word processing is another matter: such machines will not nacessarily be operated by people with normal typing training so that perbaps tha opportunity exists to try something else.

Such is the view taken by a new company called PCD Maltron which has designed a keyboard that bas four clusters of keys, one for the four fingers and one for the thumb of eech hand. The keys do not lie on a plane surface as in a normal board hut on the surfaca of four depressions in effect "scooped out" of the keyboard's surface. The key heights have thus been made to fit the lengths of the fingers; the thumbs, which bava six keys each to operate, are fully utilised.

The Department of Industry has allocated 12 of the keyboards to various companies in the UK to be used for one year.

More from PCD Maltron, Invincible Road, Farnhorough, Hants (0252 511001).

● INSTRUMENTS

Measures the strain

THE SPECIMEN is left completely untoucbed in an optical strain measuring instrument put on tha market by Instron, Coronation Road, High Wycombe, Bucks (0494 33333).

It will be particularly useful with materials such as rubber, thin films, plastics, titanium and other delicate materials where the weight of a conventional extensometer or its fixing would distort the test piece and affect the readings obtained. The instrument is also useful for materials such as cord, belting and fine wires where a long length has to be used to produce accurate results.

Basis of operation is two optical heeds carryiog the light projector and imaging systems, operating in conjunction with photodiode sensors so as to follow the edges of contrasting marks defining the ends of the gauge length on the specimen.

Gauge lengths of 10 to 500 mm can be eccommodated with seven switchable strain ranges from 10 to 1,000 per cent. Resolution is five microns and the maximum following speed is one metre/min.

*

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Provides production information

A FURTHER software application package has been introduced by Business Computers (Systems) end is designed to bring computerised production control within the reach of companies turning over as little as £100,000.

It is known as MIPS (manufacturing information processing system), is designed to run on the companys hardware offerings, the Diablo 3000 and Ranger 3200 business computers. MIPS costs £1,000; a complete system consisting of Diablo 300 microcomputer and MIPS is prived at just under £10,000.

The Diablo takes the customary form of desk-top machines with crt screen to the left; disc units to the right and keyboard below.

Ease of use is emphasised hy the company, even for those with little or no experience of computers. Messages appearing on the screen guide the operetor through data entry, processing and printing procedures, and at any time managers may make enquiries of all files held on the discs, virtually et the touch of a button.

The operator can set up and maintain a comprehensive parts file containing details of all items either bought in or manufactured on site, at all levels from components through sub-assemblies to final prodncts.

At the beart of MIPS is the structure file and parts list maintenance module whicb obviates typing in of individual parts lists for all the sub-assemblies and final products: substantial time saving is claimed. The operator merely tells tba machine which parts are linked to related sub-assemblies and MIPS then huilds a chain of connected parts.

Trial prodnction runs can then be carried out to test plans; once the production run is committed stock levels will be automatically changed, component shortages highlighted and the jobs causing sbortages indicated.

Other modules cover purchase order processing and bill of materials reporting.

More from the company at The Pagoda, Theobald Street, Borehamwood, Herts., WD6 4RZ

New service in operation

SET UP in co-operation with W. H. Smith Computer Services is a new group—Great Western Computiog. The service will be run on ICL 2900 range hardware at the W. H. Smith centre in Swindon with communications access via the latter's existing country-wide network.

Based on a £6m ICL 2900 installation, Great Western will have the largest VME/B resource available to users on the commercial market, as the only 2900 bureau using a full dual processor system.

The decision to separate the burean service from W. H. Smith was taken by both companies in order to give the service side e more independent line of development and expansion.

Initially the service will provide production and development resources for VME/B and George III users although negotiations are in hand with various software houses regarding the availability of suitable application packages.

Great Western, Keynes House, 112 Cricklade Road, Swindon, Wilts, SN2 6AG. 0793 36271.

Gathers data for the micro

DEVICES THAT can capture analogue signals, multiplex and digitise them so that they can be processed by microprocessor or minicomputer bave been developed by Burr-Brown International, 11 Station Road, Watford, Herts WD1 1EA (0923 33837).

They can interface directly to the 8080A 8048, Z80 and SC/MP micros and to a number of others with the addition of some extra logic. They are also compatible with the PDP8 and 11, Nova and Eclipse minis.

These devices are hybrid circuits and are contained in 80 pin packages measuring 55 x 44 x 6 mm. They contain a 12-bit analogue to digital converter, instrumentation amplifier, input mnltiplexer, address decoder and control logic.

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Five to Fifteen Years

Over Fifteen Years

Undated

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CHEMICALS, PLASTICS—Cont.

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EOE expects to break even by 1981

BY CHARLES BATCHELOR IN AMSTERDAM

THE EUROPEAN Options Exchange (EOE) expects to break even by the end of next yera. Its hacker, the Amsterdam Stock Exchange, hs agreed to continue to meet operating losses in 1980, said Mr. Ewold Brouwer, the EOE chairman.

The EOE, which has been unable to reach the hoped-for trading volumes, made an operating loss of Fl 3.5m ($1.8m) in 1979. This increases to Fl 4m when the losses of the clearing organisation are taken into account—despite a subsidy and a waiver of loan interest by the Stock Exchange.

The board of the EOE believes that it will emerge as a financial success within the three-year term it set itself last year, said Mr. Brouwer. It expects to achieve daily turnover of 3,000 contracts this year after reaching 1,900 in 1979, which was above 1,750 originally forecast.

The EOE is still heavily dependent on Dutch shares for most of its turnover: Royal Dutch Petroleum accounted for 29 perc ent of trading in "call" options last year and for 45.5 per cent of "puts." British and French options are barely traded, while Petrofina is the only Belgian stock to arouse significant interest.

To increase te attractiveness of German options, which were introduced earlier this year, the EOE intends to reduce commissions while the way in which trading is organised will be "adapted more closely" to the needs of German, Austrian and Swiss investors.

The plan hy the Amsterdam bourse to start trading U.S. stocks in dollar form within the next few months should also increase interest in the EOE. Interest is expected throughout Europe since this provides the opportunity to trade U.S. stocks on an official bourse six honrs hefore New York trading starts, said Mr. Brouwer. Put options in U.S. stocks will he considered if there is demaod. The EOE has also applied to the Dutch Finance Ministry for approvel to trade options in bonds.

Total EOE turnover in 1979 was 476,593 contracts, of which 82 per cent were "calls." "Puts" are only possible in Dutch options while among the "calls" Dutch stocks accounted for 92 per cent of trading, U.S. stocks for 6 per cent, Belgian stocks for just over 1 per cent and French stocks for just under 1 per cent.

GERMAN STEEL INDUSTRY

Two tough years ahead for profits

BY ROGER BOYES IN BONN

WEST GERMAN steel producers are a stoic and sober breed. When demand for crude steel soared last year, their first reaction was to reach for tha electronic calculator rather than the champagne hottle.

They now believe that their caution has been vindicated by the range of first quarter results which reveal soma distinctly depressing trends. The message, relayed during the present season of shareholdars' general meetings, is clear enongh: the steel crisis is still with us and is likely to leave its mark on results at least for the next two years.

Profit margins, they warn, will be nnder siege this year; demand for crude steel has already begun to flag; there is still a serious over-capacity in Europe; U.S. producers are making protectionist noises and international uncertainties still dog the fortunes of every major German steel company.

The problem is that expectations were raised by the steel revival last year and company management has to steer the shareholders and workforce away from their natural wish to share in the improved earnings.

The figures certainly lend strength to the shareholder's case: crnde steel production rose hy almost 12 per cent to 46m tonnes, special steels ontput increased hy 10 per cent and rolled and rolled steel products by 8.7 per cent. Capacity was more stretched at 70 per cent than for almost four years and most steel divisions approached the profit threshold again for the first time since the mid-1970s.

This has naturally helped in addition, orders in hand reached record levels—5m tonens in the antumn of 1979—which kept business buoyant early this year. All of this has given strong boost to both ailing steel concerns and to the more successful.

German producers have adapted well to the steel crisis so far. Many of them have diversified from crude steel which gives them a certain competitive security

Thus Kloeckner-Werke used the steel revival to launch major capital reorganisation which it believes will take it out of the red this year. It reckons on the resumption of dividend payments next year.

Salzgiter, the state-owned steel group, managed—due to good results in the crude steel division—to reach a balanced result.

Hoesch used its improved result to persuade the government to give it a cheap loan to carry through some modernisationmoves, holding out the hope of a relatively quick return on investment.

Thyssen, the largest and most successful German steel group, increased profits from DM100m to DM167m ($93.30m).

But tha hoom, argue steel producers, is not a boom at all. True, crude steel production in tha first quarter was 7.3 per cent up on last year at 11.6m tonnes. But domestic orders are already beginning to show signs of slackening and will certainly not pick up in the course of the year. Market anlysts estimate that production will at hest reach 44m tonnes and could drop as low as 41m tonnes (that is almost the 1978 level).

The management hoards of the German steel companies have thus had to spaak to several audiences in several different—though not necessarily forked—tongues. Io the first place, the shareholders have to he convinced that dividend payouts (In those concerns that are still issning them) have to be kept at a low level if investment si to he increased.

This has made for some particularly stormy general meetings with Thyssen shareholders, for example, especially critical of the DM 4 per share dividend —nnchanged for several years.

At the same time, the workforce has had to be assured that business is hot as good as it seems and that wage increases have to he restricted otherwise labour may have to be cut even more than planned. Surprisingly, tha IG Metall Workers union fell into line on this and this spring settled for .8 per cent, instead of tha 10 per cent they had demanded.

Higher labour costs coupled with extremely high production costs—the price of scrap for example continnes to hit the special steels producers—have eaten into margins. As a result, the steel companies have had to try to persuade their customers to accept yet more price rises this year.

The German steel producers live in a complicated world. But they have adapted well to the crisis so far. In the mid-1960s for example 85 per cent of crude steel prodnction was in the hands of 17 separate concerns. Now only six produce 80 per cent.

Many have diversified from crude steel — Thyssen, for Instance, is now more (in terms of turnover) a trading and services concern than a crude steel producer. This has given the companies a certain competitive security—but they are reconciled to facing two very tough years.

Relief at Spanish bank salvage

By Robert Graham in Madrid

THE SALVAGE operation of the Banco de Madrid has been greeted with a sigh of relief hy tha Spanish banking community. The fate of this medium-sized hank had been the most worrying topic facing the hanking community this year.

The rescue involves Spain's leading hank, Banesto, acquiring an 80 per cent stake in Banco de Madrid through a Pta 10bn ($142m) injection of new capital. Banco de Madrid has a capital of Pta 4.2bn ($60m) and reserves of Pta 2.4bn ($34m).

At the same time Banco de Madrid's industrial banking affiliate, Cadesbank, will be hived-off, its Pta 2.6bn capital will be written-down and then recreated to Pta 3bn through funds provided by the Government's Deposit Guarantee Fund. Cadesbank will then probably be sold to Banesto for a nominal sum.

Banco de Madrid is the largest bank to get into difficulties, possessing deposits of Pta 80hn. There were fears that its fate could seriously shake confidence in the hanking system which bas witnessed one hankruptcy and five salvage operations in the past two-and-a-half years.

Banco de Madrid's difficulties stemmed largely from its involvement in a number of industrial ventures hadly hit by the recession. One of the largest loss-makers in its portfolio is the Malaga-hased textile concern, Intelhorse.

Increased sales from Buderus

By Our Bonn Staff

BUDERUS, THE German foundry and steel concern, managed to boost turnover and profits last year. However, the company, one of the principal pillars of the Flick group, is expecting slower growth in 1980.

Sales increased by over 10 per cent to DM 1.4bn ($782.12m) while profits of DM 24.5m were transferred to Flick. The remaining profits of DM 330,000 —roughly the 1978 lavel—would ha distributed to the remaining shareholders in the form of a dividend of 12 per cent. The export share of turnover increased from 13.6 per cent to 15.7 per cent.

Higher crude steel production in Germany and nther European conntries last year pushed up demand for Buderus's ingots and other foundry prodncts. Similarly the boom in the antomobile and construction machinery aectors strongly benefited the company's foundry product division. Direct demand from the building industry was static but central beating production did well.

The company has already gun to fel the effects of a "cooling-off" in the motor sector. This may be partly offset by increased demand in the small cars division and by orders from abroad. Nona the less the overall picture is that German growth overall is nnly likely to be about 2.5 per cent rather than last year's 4.5 per cent.

Kenana issue oversubscribed

BY ALAN DARBY IN KHARTOUM

THE major Sudanese and Arah shareholders in the Khartoum-based Kenana Sugar Company have indicated they will take up more than their pro rata entitlements to new shares offered by the company as part of a major capital restructuring.

The Arah support for the company, which operates the largest sugar scheme in the world on the White Nile river, 180 miles sonth of Khartoum, comes in the face of complex legal manoeuvres by Lonrho. The London-hased trading conglomerate is trying to reverse a change in the company's Articles of Association which prevents Lonrho representation on the Kenana Board because the UK company's shareholding is less than 4 per cent.

Kenana's offer of 130m "A" shares has been oversubscribed hy "close to S£20m ($25m)" and options on the 120m "B" shares, created through the conversion of shareholders' loans to equity, have all heen taken up.

Lonrho, which conceived the project and managed the company until 1977, says the amendment of the Articles of Associatioo violates the 1975 founders' agreement, and that it is not entitled to increase its shareholding tn the 4 per cent level under the rules governing the issue of the new shares, which are in proportion to existing shareholdings.

Kenana saya the founders' agreement, signed at a time when the company's authorised capital, now S£330m, stood at only S£10m, and when Lonrho had the management contract to run Kenana, has long ceased to have relevance.

Lonrho's avowed aim is tn regain a seat on hoth the Kenana Board and the executive committee hy invalidating the recent shareholders' votes changing the articles.

The three cases heard hy Sudan's Court of Appeal and the Khartoum Province Court (Lonrho has won two and lost one) have been confined to matters of jurisdiction and the courts have yet to deliberate upon Lonrho's case concerning the founders' agreement.

Mr. Andrew Macaulay, the Lonrho executive who has heen representing his company in Khartoum, is understood to have told Kenana that Lonrho does not wish to sell its shares. He has said that the founders' agreement was embodied in Kenana's articles of association and that "we still have a strong case."

Kenana sources aay the company'a articles of association did not make either the company or its shareholders a party

Johnson HAB out of red as sales soar

BY VICTOR KAYFETZ IN STOCKHOLM

JOHNSON AND CO. HAB, the main trading company within the Axel Johnson Gronp—Sweden's largest privately-owned husiness after Vnlvo—recovered last year from a pre-tax loss of Skr 5.8m to a profit of Skr 49.8m ($11.8m) on turnover, 69 per cent higher at Skr 5.03hn.

The major rise in sales resulted from both price and voluma Increases in the product groups oil, ore and metals, and stainless steel, while earnings climhed as a consequence of general economic conditions, the preliminary report states.

Excluding minority shares hot counting earnings from associated companies, the Swedish-based trading group, which includes subsidiaries in several countries, showed a profit after extraordinary items of Skr 59m against a 1978 loss of Skr 3m. This was despite losses last year of Skr 27.8m from the subsidiary, Irano Swedish Company.

The separately administered trading group, A. Johnson and Co., Inc.,—which operates in the U.S.—recorded earnings of Skr 292m on turnover nf Skr$ 2.96bn.

Earnings of the American group improved in all areas: oil, steel and metal, engineering prodncts and shipping.

The report predicts a satisfactory profit this year for both two gronps, hut "general ecooomic conditions are not expected to be such as to permit the good earnings of 1979 to ba achieved."

Late in 1979 the Swedish-based gronp acquired Trent Tube B.V. of Molland, one of Europe's largest makers of welded stainless steel tubes. It also hought steel distrihutors in Holland and Sweden, a 25 per cent stake In Sweden's Nynäs Petroleum and a 10 per cent stake in the Swedish stainless steel company, Avesta Jernverks. The latter two companies were already part of the Axel Johnson gronp.

The Swedish trading company's suhsidiary, A. Johnson and Company (London) Limited honght the British firm George Meller Limited, which distrihote and sells valves, pumps and other heavy equipment in the UK.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98¾	95⅞	Treasury 3½pc '77-80	98¾xd	.....	3.54	16.28
99⅛	96	Funding 5¼pc '78-80‡‡	99⅛xd	.....	5.30	16.28
99⅜	97⅞	Exchequer 13pc 1980‡‡	99⅛xd	−1/16	13.11	14.73
98⅜	96¼	Treasury 11½pc 1981‡‡	98⅛	−1/16	11.71	14.34
92½	90⅝	Treasury 3½pc 1979-81	92½	.....	3.78	14.23
96½	95⅜	Treasury 9¾pc 1981‡‡	96⅛	−⅛	10.12	14.36
94⅝	91¼	Exch. 8¼pc 1981	94½xd	−⅛	8.73	14.00
94⅞	92¼	Exch. 9½pc 1981	94½	−1/16	10.03	14.33
91¾	85½	Exch. 3pc 1981	91¾	.....	3.26	10.08
98⅜	96½	Treas. Variable '81§§	98⅛xd	+1/16	16.29	17.93
98½	95⅝	Exch. 12¾pc 1981‡‡	98⅛xd	−1/16	12.99	14.14
92⅞	88½	Treas. 8½pc '80-82‡‡	91⅞	−¼	9.25	14.07
88¾	82½	Treasury 3pc '82‡‡	88¾	.....	3.38	10.14
100¾	96⅝	Treasury 14pc '82‡‡	99⅞	−1/16	14.01	14.01
96⅞	94¾	Treas. Variable '82§§	96½xd	+1/16	17.07	18.83
90¼	86⅛	Treasury 8¼pc '82	90¼	−1/16	9.14	13.63
91	85⅝	Exch. 9¼pc 1982	90½	−1/16	10.22	14.07
89⅝	85	Exch. 8¾pc 1983	89⅛	−1/16	9.82	13.76
81¾	76½	Exch 3pc '83	81¼	.....	3.67	10.78
95¼	90⅞	Treasury 12pc 1983‡‡	94½	−1/16	12.69	14.38
94¼	90⅝	Treas. Variable '83§§	94¼xd	+1/16	17.12	19.24
92⅞	84½	Treasury 9¾pc '83	88⅞	−⅛	10.49	13.98
99⅝	94¾	Exch. 13½pc '83	97½xd	−1/16	13.84	14.42
89⅞	84½	Exch. 10pc 1983	89xd	−⅛	11.23	14.04
80¾	76½	Funding 5½pc '82-84‡‡	80¾	.....	6.81	12.14
92⅞	87¼	Exch. 11¼pc 1984	91⅞	−⅛	12.27	14.15
100⅛	94½	Exchequer 14pc 1984	99¼xd	−⅛	14.10	14.25
73	68¼	Exch. 3pc 1984	72⅞	−⅛	14.14	11.70
94⅝	89⅝	Treasury 12pc 1984	93⅝	−1/16	12.81	13.96
104⅛	98	Treasury 15pc 1985	102⅞	−1/16	14.58	14.11

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

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COMMONWEALTH AND AFRICAN LOANS

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LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	59½	.....	8.51	12.79
79½	73½	Alcan 10½pc '89-94	79½	+½	13.83	14.65
28½	25	Met. Wtr. 3pc 'B'	27¼	+¼	11.36	13.37
102	89	U.S.M.C. 9pc 1982	96	.....	9.79	—
90½	55½	Do. without Warrants	90½	.....	10.44	16.40

LOANS—Continued

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[illegible]

CANADIANS

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[illegible]

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Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling continued to improve yesterday in trading sharply curtailed by the closure of many European centres for Ascension Day. The pound's trade weighted index rose to 73.5 from 73.1, having stood at 73.3 in the morning and 72.2 at noon. Against the dollar it opened at $2.2925 and eased initially to $2.2890 as the dollar improved slightly. However, the trend was reversed after a speech by Mrs. Margaret Thatcher stressing that UK interest rates were unlikely to decline while bank lending remained high. This boosted sterling to a best level of $2.3040, and it closed at $2.3000-2.3010, a rise of 1.2 cents from Wednesday, and its best closing level since February 14.

The dollar showed little overall change on balance, losing slightly to the D-mark, but closing a little firmer against the Swiss franc. It finished at DM 1.7905 compared with DM 1.7920, and SwFr 1.6630 against SwFr 1.6610. On Bank of England figures its trade weighted index rose slightly to 85.3 from 85.2.

In New York the U.S. unit continued to show little movement, with Euro-dollar rates holding steady. Sterling was quoted just above $2.30 but then slipped back to $2.2990.

JAPANESE YEN—Energy and balance of payments problem reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates have helped the yen recover—The dollar eased against the yen in Tokyo yesterday, closing at Y227.40 compared with Y228.35 on Wednesday. Initially the yen had weakened on news of Saudi Arabia's decision to increase its oil prices, but the dollar soon came on offer after reaching a high of Y229.60.

GOLD

Gold lost $7 an ounce in the London bullion market yesterday to close at $516-521. Trading was extremely quiet with most of Europe closed for Ascension Day. The metal opened at $513-518 and was fixed during the morning at $516.25. The afternoon fixing showed little change at $517.00. There was little activity when U.S. centres joined the market, and there appeared to be no reaction to the cut in margins on metals in the New York Comex market. Dealers suggested that further reductions in margin requirements were generally expected in a bid to regain some of the trade lost earlier this year.

	May 16		May 14	
Gold Bullion (fine ounce)				
Close	$516-591	(£225-227)	$523-528	(£228¼-230¾)
Opening	$315-018	(£223¼-225¾)	$517-522	(£226-222.1)
Morning fixing	$510.85	(£225.191)	$516.50	(£228.087)
Afternoon fixing	$517	(£225.174)	$525	(£229.307)
Gold Coins				
Krugerrand	$531-534	(£230½-232½)	$538-543	(£236-237½)
Mapleleaf	$522-532	(£226-231)	$530-540	(£231½-235¾)
New Sovereigns	$162-133	(£57¼-58)	$132-136¾	(£57¾-59¾)
King Sovs	$152-156	(£66½-67½)	$140¾-145¼	(£61½-63½)
Victoria Sovs	$152-155	(£65½-67½)	$145-147½	(£62½-64½)
French 20s	$137-140		$137-141	
50 pesos Mexico	$642-660		$653-658	
100 Cor. Austria	$509-510		$517-622	
$20 Eagles	$625-636		$653-657	
$10 Eagles	—		—	
$5 Eagles	—		—	

THE POUND SPOT AND FORWARD

May 16	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2890-2.3040	2.3000-2.3010	1.42-1.32c pm	7.13	3.62-3.52 pm	9.21
Canada	2.7010-2.7115	2.7095-2.7105	0.95-0.85c pm	3.98	3.25-3.15 pm	4.69
Nethlnd.	4.50-4.54½	4.53-4.54	2½-1½c pm	3.29	6⅞-5⅞ pm	5.62
Belgium	65.80-66.35	66.25-66.35	14-4c pm	1.63	35-25 pm	1.81
Denmark	12.83-12.90	12.88-12.89	3-4½ore dis	−3.43	6¾-7⅞ dis	−2.21
Ireland	1.1035-1.1100	1.1080-1.1090	0.06-0.02p pm	6.43	6.28-0.23 pm	6.92
W. Ger.	4.10-4.13½	4.11½-4.12½	3½-2½pf pm	7.64	7⅞-6⅞ pm	7.15
Portugal	112.50-113.50	113.15-113.35	5c pm-30 dis	−1.32	par-85 dis	−1.68
Spain	162.70-163.50	163.40-163.50	26-87c dis	−4.16	85-182 dis	−3.27
Italy	1,928-1,937	1,934½-1,935½	½lire pm-1½ dis	−6.31	½ pm-1½dis	−0.10
Norway	11.23-11.28	11.27-11.28	2½-1 ore pm	1.73	11½-9½ pm	3.68
France	9.57-9.64	9.62½-9.63½	4-3c pm	4.36	11-10 pm	4.36
Sweden	9.68-9.71	9.69½-6.70½	2¾-1¾ore pm	2.71	6⅝-5⅞ pm	2.58
Japan	517-527	523-524	2.15-1.75y pm	4.47	5.60-5.16 pm	4.09
Austria	29.20-29.40	29.35-29.40	20-17gro pm	7.56	55-45 pm	6.81
Switz.	3.79½-3.83½	3.82-3.83	4-3c pm	10.98	10½-9¾ pm	16.72

Belgian rate is for convertible francs. Financial franc 67.75-67.85. Six-month forward dollar 5.45-5.35c pm. 12-month 7.30-7.20c pm.

THE DOLLAR SPOT AND FORWARD

May 16	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2890-2.3040	2.3000-2.3010	1.42-1.32c pm	7.13	3.62-3.52 pm	8.21
Ireland†	2.0715-2.0760	2.0725-2.0735	1.35-1.25c pm	7.52	3.75-3.65 pm	7.14
Canada	1.1737-1.1802	1.1783-1.1786	0.41-0.46c dis	−4.43	0.60-0.65dis	−2.12
Nethlnd.	1.9685-1.9750	1.9690-1.9716	0.13-0.23c dis	−1.09	6.15-0.25dis	−6.40
Belgium	28.78-28.82	28.80-28.82	13-15c dis	−5.83	30-35 dis	−4.51
Denmark	5.5825-5.6100	5.5925-5.6000	4.70-6.20ore dis	−10.61	11.2-11.6dis	−8.16
W. Ger.	1.7890-1.7940	1.7900-1.7910	0.04pf pm-0.03 dis	0.03	0.50-0.40 pm	1.00
Portugal	49.15-49.28	49.18-49.28	28-43c dis	−2.65	75-115 dis	−7.72
Spain	71.10-71.20	71.10-71.16	35-55c dis	−7.59	120-155 dis	−7.73
Italy	842.00-843.00	842.25-843.00	4½-5¼lira dis	−6.94	12½-13¼ dis	−6.17
Norway	4.9000-4.9050	4.9000-4.9050	2.00-2.40ore dis	−5.38	2.50-3.00dis	−2.24
France	4.1800-4.1910	4.1800-4.1850	0.95-1.05c dis	−2.86	2.10-2.30dis	−2.10
Sweden	4.2150-4.2240	4.2150-4.2200	1.55-1.70ore dis	−4.62	3.45-3.60dis	−6.34
Japan	227.20-228.20	227.35-227.45	0.50-0.65y dis	−3.03	0.95-1.15dis	−1.85
Austria	12.76-12.79	12.76-12.79	par-0.70gro dis	−0.33	2.75-0.25 pm	0.47
Switz.	1.6570-1.6670	1.6625-1.6635	0.60-0.50c pm	3.97	2.00-1.90 pm	4.69

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.570085	0.619442
U.S. $	13	1.30380	1.39943
Canadian $	14.17	1.53130	1.64027
Austria Sch.	6¾	16.6652	17.8707
Belgian F.	14	37.0123	40.3631
Danish K	13	7.31459	7.84091
D'Mark	7½	2.33509	2.50666
Guilder	10	9.07050	2.75968
French Fr.	9½	Unavail.	5.86501
Lira	15	1092.20	1179.37
Yen	8	297.589	317.111
Norwgn. Kr.	9	6.41126	6.87680
Spanish Pta.	8	99.7440	99.5695
Swedish Kr.	10	6.50181	0.91749
Swiss Fr.	3	2.16577	2.32585

CURRENCY MOVEMENTS

May 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.1	−32.3
U.S. dollar	85.9	−8.1
Canadian dollar	80.3	−17.0
Austrian schilling	155.3	+24.0
Belgian franc	113.3	+13.8
Danish kroner	106.4	−4.7
Deutsche mark	155.1	+44.9
Swiss franc	196.8	+79.2
Guilder	125.1	+19.4
French franc	100.7	−6.2
Lira	53.4	−50.7
Yen	125.7	+93.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 16	£	$		£ Note Rates
Argentina Peso	4115-4135	1793-1800	Austria	29.16-29.40
Australia Dollar	2.0395-2.0365	0.8845-0.8850	Belgium	65.85-07.45
Brazil Gruzeiro	114.22-115.28	49.935-50.135	Denmark	12.78-12.80
Finland Markka	8.47-8.49	6.6940-3.6950	France	9.54-9.60
Greek Drachma	97.936-100.216	42.65-42.35	Germany	4.09-4.12
Hong Kong Dollar	11.27-11.29	4.9020-4.9050	Italy	1890-1935
Iran Rial	n/a	n/a	Japan	591-526
Kuwait Dinar(KD)	0.614-0.624	6.2699-0.9700	Netherlands	4.49-4.52
Luxembourg Frc.	66.25-00.35	28.80-28.82	Norway	11.20-11.30
Malaysia Dollar	4.9960-5.0075	2.1730-2.2750	Portugal	108-113
New Zealand Dlr.	2.3475-2.3525	1.6210-1.0220	Spain	157¾-165
Saudi Arab. Riyal	7.58-7.68	3.3285-3.3300	Sweden	9.65-9.73
Singapore Dollar	4.9700-4.9815	9.1620-8.1640	Switzerland	6.79-3.82
Sth. African Rand	1.8176-1.2185	0.7900-0.7906	United States	2.292-2.301
U.A.E. Dirham	8.48-8.58	3.7215-3.7230	Yugoslavia	46¼-48½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3631	+1.44	+0.71	±1.53
Danish Krone	7.72336	7.84621	+1.58	+0.86	±1.64
German D-Mark	2.48208	2.50666	+0.99	+0.26	±1.125
French Franc	5.84700	5.86501	+0.31	−6.42	±1.3557
Dutch Guilder	2.74362	2.75968	+0.59	−0.14	±1.512
Irish Punt	0.668201	0.675564	+1.16	+0.37	±1.668
Italian Lira	1157.79	1179.37	+1.86	+1.64	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.301	4.123	523.6	9.630	3.820	4.638	19 35	2.716	66.30
U.S. Dollar	0.435	1.	1.792	227.6	4.186	1.663	1.971	841.1	1.178	28.82
Deutschemark	0.243	0.558	1.	127.0	2.336	0.928	1.100	469.4	6.657	18.08
Japanese Yen 1,000	1.916	4.394	7.875	1000.	18.40	7.307	8.663	3696.	5.177	126.6
French Franc 10	1.058	2.389	4.281	543.6	10.	3.972	4.709	2009.	2.814	68.85
Swiss Franc	0.261	0.601	1.078	136.9	2.518	1.	1.186	505.9	0.708	17.33
Dutch Guilder	0.221	0.507	0.909	115.4	2.123	0.843	1.	426.7	0.598	14.62
Italian Lira, 1,000	0.517	1.189	2.130	270.6	4.977	1.977	2.344	1000.	1.401	34.26
Canadian Dollar	0.369	0.849	1.521	193.2	3.554	1.411	1.673	714.0	1.	24.46
Belgian Franc 100	1.508	3.470	6.218	789.6	14.52	5.768	6.840	2919.	4.087	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.90-10.00 per cent; three-months 10.35-10.45 per cent; six-months 10.35-10.45 per cent; one year 10.40-10.60 per cent.

May 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	—	9-9¼	10-11	16⅞-10[illegible]	4½-4¾	9[illegible]-9[illegible]	12½-12¾	13-16	—	11½-16
7 days' notice	17⅛-17½	9½-9¾	10-11	11[illegible]-11[illegible]	4½-5	9[illegible]-9[illegible]	12⅝-12⅞	15½-18	9¼-9[illegible]	12-12¼
Month	17⅛-17½	9[illegible]-16[illegible]	16⅝-13½	11⅛-11¼	6⅜-6⅛	9¾-9⅞	12[illegible]-12[illegible]	17-18	16[illegible]-16[illegible]	12⅝-12¾
Three months	17-17⅝	16¾-11	12⅝-12¾	11-11¼	6[illegible]-6[illegible]	9¾-9⅞	12¾-13	10½-17½	16[illegible]-10[illegible]	12⅝-12⅞
Six months	16¾-16⅛	16⅛-11⅛	11¾-12⅛	10⅞-11[illegible]	6[illegible]-6[illegible]	9[illegible]-9[illegible]	12⅞-13⅛	10-17	11[illegible]-11[illegible]	12-12¼
One year	14½-14⅞	10⅞-11⅛	11¼-11⅝	10[illegible]-16⅞	6-6⅛	9-9⅛	13⅛-13⅜	10½-17½	10[illegible]-11[illegible]	10[illegible]-10[illegible]

Long-term Eurodollar two years 11-11½ per cent; three years 11-11¼ per cent; four years 11-11¼ per cent; five years 11-11¼ per cent: nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Discount houses managed to balance their books without assistance from the authorities yesterday, the first time for nearly two months, in which time the market has experienced a sustained and acute shortage of liquidity. Resale to the market of a moderate number of eligible bank bills and a small net take up of Treasury bills to finance, were balanced by a moderate excess of Government disbursements over revenue transfers to the Exchequer and a small decrease in the note circulation. Discount houses were paying up to 16½ per cent for secured call loans at the start but were able to pick up balances later in the day as low as 14½ per cent.

In the interbank market overnight loans opened at 17-17½ per cent and slipped to 16½ per cent on the flat forecast before coming back briefly to 17 per cent. From early afternoon onwards however, rates fell steadily down to 12 per cent at the close.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 10 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-17⅛	—	—	—	15½	14½-16¾	—	—	—
2 days notice	—	—	17½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-16⅛	17⅝-17¾	—	17¼	17½	16¾-16⅞	—	—	—
One month	17[illegible]-17	17-17⅛	17¼-17⅜	18½-18⅛	17⅜	17½	16¾-16⅞	10[illegible]-15[illegible]	17⅝	17⅝
Two months	17[illegible]-17	17⅛-17[illegible]	—	17¾-17⅞	17⅝	—	10½-10⅝	10[illegible]	17¼	17½
Three months	17-10⅞	16[illegible]-17[illegible]	17-17[illegible]	17¼-10⅞	17¼	17½	10⅝-16½	10⅛-18[illegible]	10¾	17
Six months	16-15[illegible]	16[illegible]-10[illegible]	16	10⅛-15¾	16¼	10½	—	—	15-15[illegible]	15⅝
Nine months	16¼-13[illegible]	10⅝-13½	—	10⅛-10¾	15⅝	10⅜	—	—	—	—
One Year	14¾-14[illegible]	14⅞-16	15⅝-15½	15½-16¼	13¼	10⅝	—	—	—	—
Two years	—	—	16-15⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14¾-15⅛ per cent; four years 14½-13 per cent; five years 14½-14¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16[illegible]-16¾ per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15[illegible]-15[illegible] per cent; two-months 15[illegible]-15[illegible] per cent; three-months 16[illegible] per cent. Approximate selling rates for one-month bank bills 17⅛ per cent; two-months 17[illegible]-17⅛ per cent; three-months 16⅞-16[illegible] per cent; one-month trade bills 17¾ per cent; two-months 17¼ per cent; and three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 18.1475 per cent.

MONEY RATES

NEW YORK	
Prime Rate	16½-17½
Fed. Funds	10½-11¼
Treasury Bills (13-week)	8.07
Treasury Bills (26-week)	8.28
GERMANY	
Discount Rate	7.5
Overnight Rate	9.80
One month	10.075
Three months	10.20
Six months	9.95
FRANCE	
Discount Rate	9.5
Overnight Rate	12.875
One month	12.625
Three months	12.6875
Six months	12.8875
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.375
Bills Discount (three-month)	13.0062½

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 14, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.4901
Algeria	Dinar	3.8325
Andorra	French Franc	4.19
	Spanish Peseta	71.145
Angola	Kwanza	27.687
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1795.00
Australia	Australian $	0.8838
Austria	Schilling	12.7685
Azores	Portug. Escudo	49.30
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	71.145
Bangladesh	Taka	10.030
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.847
	B. Franc (F)	29.38
Belize	Belize $	2.00
Benin	C.F.A. Franc	209.50
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.6936
Bolivia	Bolivian Peso	93.00
Botswana	Pula	0.7834
Brazil	Cruzeiro	49.01
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.166
Bulgaria	Lev	0.879
Burma	Kyat	6.7971
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	209.50
Canada	Canadian $	1.1793
Canary Islands	Spanish Peseta	71.145
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.833
Cent. Af. Emp.	C.F.A. Franc	209.50
Chad	C.F.A. Franc	209.50
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	46.27
Comoros Islands	C.F.A. Franc	209.50
Congo (Brazaville)	C.F.A. Franc	209.50
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.6299
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	3.50
Dem. Rep. S'aTome & Principe	S. Tome Dobra	34.668
Denmark	Danish Krone	5.6059
Djibouti Rp. of	Djibouti Franc	105.302
Dominica	E. Caribbean $	2.7023
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.6916
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	71.145
Ethiopia	Birr (O)	2.0856
Faroe Islands	Danish Krone	5.6062
Falkland Islands	Falkland Is. £ *	2.385
Fiji Islands	Fiji $	0.820
Finland	Markka	3.6990
France	French Franc	4.19
French C'tyin Af.	C.F.A. Franc	209.66
French Guiana	Local Franc	4.19
French Pacific Is.	C.F.P. Franc	75.93
Gabon	C.F.A. Franc	209.50
Gambia	Dalasi	1.7506
Germany (East)	Ostmark (O)	1.7916
Germany (West)	Deutschemark	1.7913
Ghana	Cedi	2.75
Gibraltar	Pound *	2.283
Gilbert Is.	Aust. $	0.8838
Greece	Drachma	42.80
Greenland	Danish Krone	5.6062
Grenada	E. Caribbean $	2.7060
Guadaloupe	Local Franc	4.19
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.7104
Guinea Republic	Syli	18.9125
Guyana	Guyanese $	2.5402
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.88
Hungary	Forint (O)	38.0029
Iceland	I. Krona	429.70
India	Ind. Rupee	7.9239
Indonesia	Rupiah	625.00
Iran	Rial	71.30
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.072
Israel	Israeli Pound (4)	43.96
Italy	Lira	842.83
Ivory Coast	C.F.A. Franc	209.50
Jamaica	Jamaican Dollar	1.7830
Japan	Yen	228.30
Jordan	Jordan Dinar	0.2978
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.401
Korea (Nth)	Won	0.94
Korea (Sth)	Won	585.00
Kuwait	Kuwait Dinar	0.2701
Lao P'ple D. Rep.	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4255
Lesotho	Loti	0.7611
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.0018
Luxembourg	Lux Franc	28.847
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	209.50
Madeira	Portugese Escudo	49.36
Malawi	Kwacha	0.8123
Malaysia	Ringgit	2.208
Maldive Islands	Mal Rupee	3.63
Mali Republic	Mali Franc	419.00
Malta	Maltese Pound	0.3462
Martinique	Local Franc	4.19
Mauritania	Ouguiya	41.90
Mauritius	M. Rupee	7.6615
Mexico	Mexican Peso	22.84
Miquelon	French Franc	4.19
Monaco	French Franc	4.19
Mongolia	Tugrik (O)	3.3560
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	28.4902
Namibia	Rand	0.7911
Nauru Is.	Aust. $	0.8838
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9715
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8838
	FNH	87.7117
New Zealand	NZ $	1.0241
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	209.50
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.914
Oman, Sultanate of	Rial Omani	0.3430
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.68
Paraguay	Guarani	127.60
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3416
Peru	Sol	270.24
Philippines	Ph. Peso	7.5035
Pitcairn Islands	NZ $	1.0241
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.30
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.878
Reunion Ile de la	French Franc	4.19
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.285
St. Lucia	E. Caribbean $	2.7023
St. Pierre	Fr Franc	4.19
St. Vincent	E. Caribbean $	2.7023
Samoa American	U.S. $	1.00
San Marino	Italian Lira	842.85
Saudi Arabia	Saudi Riyal	3.3293
Senegal	C. F. A. Franc	209.50
Seychelles	S. Rupee	5.8337
Sierra Leone	Leone	0.9753
Singapore	Singapore $	2.1615
Solomon Islands	S.I. $	0.8838
Somali Republic	Som. Shilling	0.0941
South Africa	Rand	0.7911
Spain	Peseta	71.145
Spanish ports in North Africa	Sp. Peseta	71.145
Sri Lanka	S. L. Rupee	15.00
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.86
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7911
Sweden	S. Krona	4.396
Switzerland	Swiss Franc	1.0018
Syria	Syria Pound	3.9269
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling	8.9895
Thailand	Baht	26.50
Togo Republic	C.F.A. Franc	209.50
Tonga Islands	Pa'anga	0.8838
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8838
Uganda	Ug. Shilling	7.401
United Arab Emir.	UAE Dirham	3.7226
United Kingdom	£ Sterling *	2.285
Upper Volta	C.F.A. Franc	209.50
Uruguay	Urug. Peso (m)	8.78
U.S.S.R.	Rouble	0.652
Vatican	Italian Lira	842.85
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9174
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.9636
Zaire Republic	Zaire Zaire	2.0041
Zambia	Kwacha	0.7847
Zimbabwe	Zim $	0.6936

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

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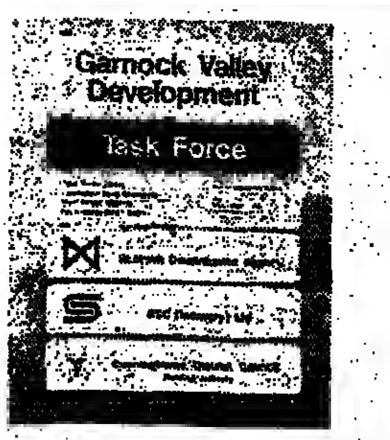
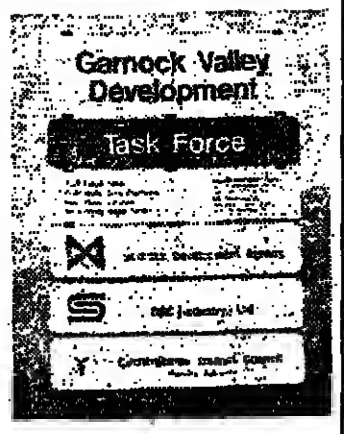
Concentrated programmes of urban renewal and industrial regeneration are under way in several areas. The scope of the work and progress so far in two very different areas are described here.



Task force in Garnock trying to create work



THE GARNOCK valley lies about 25 miles to the south-west of Glasgow on the road to the new town of Irvine. Glengarnock itself is the smallest of the four towns — population about 5,000—that make up tha area. Outside the towns the rich, rolling countryside, from which at various points it is possible to see the hills on Arran or around Loch Lomond, contain prosperous farms.

The valley, bowever, is not rich. Its staple industries were once coal, iron ore, steel and textiles. Coal and ore have long since gone, textile production has been trimmed and there cannot be much future for the Glengarnock steel works. Steelmaking has ended and only rolling now takes place. The workforce is down from around 1,000 to 250. If BSC shuts the works the associated Redpath Dorman Long engineering works, employing 170, will probably follow suit.

Unemployment is already just on 20 per cent. Dith no rolling mills and no RDL the situation would become one of the worst unemployment black spots in Scotland. Appearance can be deceptive in the valley and it is hardly surprising that at the start of last year the Scottish Development Agency should have moved in its first task force.

The task force was conceived out of discussions involving the Scottish Office, the agency, British Steel Corporation (Industry), and other bodies, such as the Manpower Services Commission. It is a sort of five-man enterprise zone under Stuart Gulliver without the political ballyhoo.

The valley is not completely bereft of industry. There are still some textile concerns and one large prodncer, Roche, which bas 600 people producing vitamin C and is on tha verge of expanding to take on another 400. But the essential problem is to attract new industries to provide work, especially for those under 25 and even more especially for the school leavers.

Stuart Gulliver sees his team's task as not merely to create work but also to raise morale generally and improve the general environment. To achieve maximum impact of presence he has opened a task force office in Kilbirnie, the largest of the four towns, and bas moved his own office out of the SDA's Bothwell Street headquarters in Glasgow to Clydebank. Ha believes you have to lead from the front and have to be seen to be where the action is—in his case where unemployment is heaviest.

Impact

If the task force is to achieve the maximum impact, be believes that it must at all costs avoid becoming another bureaucracy. So his team is not only small but puts a termination date to its activities.

He will not be drawn on the records as to bow long that period should be but he does admit that he would like to see 800 new jobs in the valley by 1983. A longer time span than four years and the force's momentum would begin to run down.

Mr. Gulliver edmits generously that his work would ba that much more difficult were it not for the belp be receives from Cunninghame district council and Mr. Jim Caulfield, the local BSC (Industry) man.

Tha council has adopted a positive epproach to the task force's work and expedites action on its proposals. Caulfield is a walking, talking promotion unit for the area. He bas, in just 18 months, been involved with more than 40 companies which would create 1,000 jobs. So far, about 300 jobs can be attributed to his efforts.

To attract new companies tha task force is building advance factories and rejuvenating old ones. In some of the former steelworks' premises there are now to be found a boat builder, an accountant and an enterprising restauranteur. New factories include machine tool concern, and a manufacturer of special one-off kitchen units. Demand for the new accommodation is strong and they are frequently pre-let before completion.

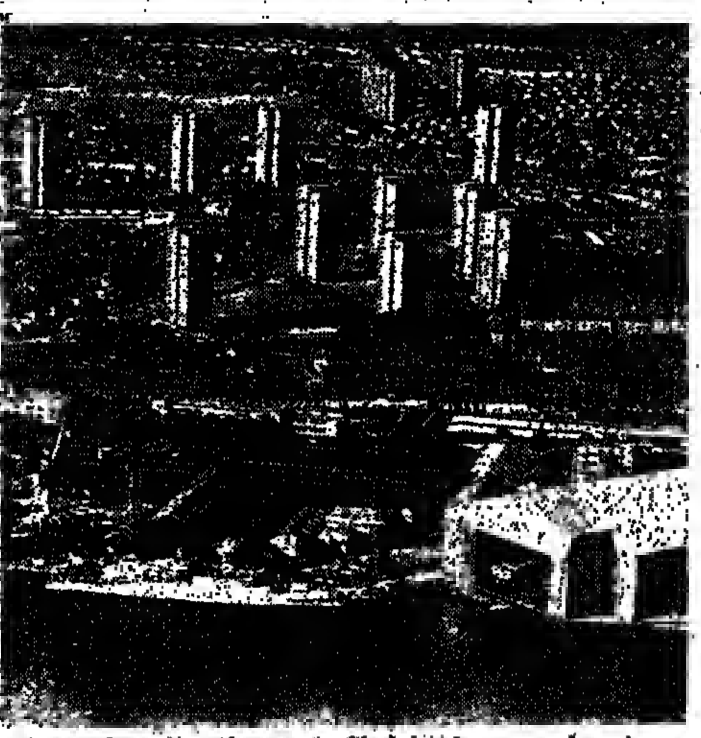
When the economic goals which the task force has set itself have been completed then it will withdraw. This it seea as its strength. Because it is not concerned with such factors as bealth, police or roads, which are the responsibilities of the local authorities, it is in a better position to put these self-imposed limits on itself.

But the limits are not time limits: they are economic limits. The time scale is flexible thougb not open-ended.

There ara fears expressed by some of the parties involved in the Garnock Valley scbeme, thougb not by Gulliver himself, that tha restrictions on the SDA's finances imposed by the Government might undermine the viability of the task force. Some would say that the task force is a shoe-string operation though it might be better to describe it as working to e tight budget. Any paring of this budget could have disproportionately severe effects.

There is also some criticism that Scotland is not getting its fair share of government assistance to meet the steel closures. Eyes look longingly towards Wales, where £48m has been made available by the Government to the, admittedly severe, steel closures there.

Even a small proportion of that sum would make an enormous difference in Glengarnock, they feel. But if they are unhappy at the disparity of treatment between Wales and Scotland they are bappy to be involved in a pioneer project and, what is more, ooe that other locala uthorities are already beginning to take notice of.


The changing face of Clydebank: new housing among the old and question marks over the future of the waterfront

Clydebank pressing for enterprise zone

CLYDEBANK, where the task force opened its second operation on the last day of April, is a very different proposition to the Garnock valley.

Although it is a separate district it is really part of urban Glasgow and indistinguishable in many respects from the problems the city as a whole faces. Clydebank was tha great shipbuilding and marine engineering centre on the north bank of the river. Here tha biggest commercial ships ever to sail, the Queen Mary, Queen Elizabeth and the QE2, were built and launched.

Shipbuilding has been reduced to e bare minimum nowadays. The John Brown yard, centre of all the activity, was taken over by Marathon, was saved a year ago only by government intervention and last month moved into French hands.

But Clydebank has lost 11,000 jobs in the last three years. Its unemployment rate is about 11 per cent and will go higher when Singer finally closes later this year. It is on the 86-acre Singer site that the task force bolds out hope for tha regeneration of the area.

Some development bas taken place in Clydebank alreedy. A new shopping centre has been built and there bas been a little industrial regeneration. But one of the most important factors leading tothe area's decline was that most of the leading companies sub-contracted their work elsewbere. Consequently, there is very little back-up industry within the district; little locally generated employment and few small or medium-sized companies.

The area's economy is also lop-sided. Most of the work is in manufacturing and available only to men. There is very little service industry and, hence, a one-class, lower-income society. The task force has elready identified areas in which it could be active and the Singer sita is vital to these considerations.

The beadqnarters of Stuart Gulliver's task force have been moved into Clydebank and overlook the Singer works. Bnt it has to be asked whether the force bas not bitten off more than it can chew—or, rather, been asked by the SDA to bite off too mnch.

This very small team already has a full job of work with the Garnock valley, where it is considerably helped by the local council and BSC (Industry). In Clydebank it has severe structural problems to cope with and a council that has not put e great deal of effort into its industrial drive.

A bigger imponderable lies in the shape of the proposed eoterprise zone, brainchild of Sir Geoffrey Howe in his Budget. Two areas have been suggested for tha site of Scotland's zone, and Clydebank is the odds-on favourite. A decision is not expected nntil Angust though.

If a zone is to be created in Clydebank—and the local people are pressing for it—it will bave to bave the Singer site as its core. Without the Singer site the task force's operations will be seriously undermined.

Gulliver thinks there is plenty of room for both his task force and the enterprise zone in Clydebank and he believes that the area is going to be the real testing ground of his sort of operation. It could also blight high hopes. But that would not be his fault. It would be the fault of politicians who floet off bright ideas without any conception of the practicalities and then leave them to others to implement.

Anthony Moreton

Multi-national keeps its Scottish base

COMPANY PROFILE

ANDERSON STRATHCLYDE is that comparative rarity in Scottish industry, a company thet bas grown to international (in fact multi-national) size yet retained its Scottish base and headquarters.

Formed in 1966 from the merger of Anderson Boyes of Motherwell and Mavor and Coulson of Bridgeton, the group now inclndes five companies and ten factories, employing 4,500 people. Half of its plants are in Scotland, but it long ego expanded into Englend, Australia, South Africa and the U.S. to menufecture and distribute the advanced coal-cutting machinery it makes, and has cast its sales net much further — to any country that has a mining industry.

Mr. Robert Thorpe, chairman and managing director, admits that if the group was any bigger London where many of Anderson's suppliers, competitors and customers, including the National Coal Board, its main UK client, have offices.

"But at the moment we are better off conducting our business from the premises where we have built up our expertise over many years. If we were to shift our headquarters we would lose contact with thet," he comments.

As the importance of coal as a primary energy source becomes recognised, so the demand for the cutting and loeding machinery made by and its plants more widely scattered it might make sense to move the beadquarters to Anderson Strathclyde increases. The Coal Board takes more than half its output and another quarter is exported. The present order book will provide work for about a year, but it is not enough. Ever hungry for more work, the company has about 100 salesmen travelling the world.

For example, it has six people based almost permanently in China, which is modernising and expanding its mining industry and is therefore a big potential market. The Chinese, says Mr. Thorpe, like to move slowly and to evaluate the performance of each batch of machines delivered before ordering the next.

Tbey first bonght from Anderson in 1956, came again in 1965 and 1973 before buying machinery worth £13.5m in 1978. The last units in that order were loaded for shipment et the beginning of this month.

The basic design of coal shearers, conveyors and loaders has changed little over the years, but the detail has been constantly improved. Anderson Strathclyde has 150 people working in its design section. "There is never anything new, but there is always something better. It is like the motor car —the basic principle has not changed since the Model T Ford of the 1920s, but the modern version is a lot different," Mr. Thorpe says.

Invest

The latest model shearer, developed for Sonth Africa, for example, has an uprated 1,000 kW motor, giving 1,250 hp, the most powerful of its type. The bigger motor means a higher voltage, bence improved electrical system. More power dictates a beavier frame and so on. Each innovation leads on to the next.

Design and development are only half the story. To stay ahead in manufacturing precision and efficiency the company invests heavily in new machine tools. It has spent £2m a year over recent years and will probably double that amount this year.

The coal mining industry remains Anderson's main market, but skilla developed for underground use have proved to have wider applications. Cutting booms have been used for tunnel driving for the Tyne and Wear Metro, bncket wheel excavators have been sold for civil engineering work and to mine tin and conveyors for quarrying.

Anderson Strathcylde made a loss in the first half of its financial year, after suffering a damaging strike at its Motherwell works and the effects of the national engineering dispute. But the company's underlying strength is not in doubt. Its full-year figures, due shortly, are expected to show a profit for the 12 months about equal to last year's £4m before tax.

Ray Perman

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"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

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Undated

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BANKS & HP—Continued

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COMMODITIES AND AGRICULTURE

UK farmers call for meeting

By Our Commodities Staff

BRITAIN'S farm leaders want Mr. Peter Walker, the Minister of Agriculture, to meet them face-to-face and explain the Government's attitude towards their industry.

Farmers have demanded, with increasing impatience, that the 5 per cent average EEC price rise agreed by the other eight farm Ministers in Brussels this month be implemented as soon as possible and that Mr. Walker should grant extra aid to compensate for the Britain's higher raterste of inflation.

But so far they have had little joy from the Government which is more concerned about winning a substantial reduction in Britain's EEC budget contribution.

At its meeting yesterday the Council of the National Farmers' Union instructed the union's president, Mr. Richard Butler, to ask Mr. Walker to explain his reluctance to help the industry at its next meeting on July 17.

"The council was in one of the most critical and angry moods that I can recollect." Mr. Butler said after yesterday's meeting.

U.S. surplus tin sales

SALES OF surplus tin from the U.S. defence stockpile will start on July 1, the General Services Administration confirmed yesterdsy.

A new method of selling, by competitive sealed bids, will be used for offerings at the rate of 10,000 tonnes a year.

The start of stockpile sales has already been discounted by the market, so there was little reaction.

Prices also failed to react to the breakdown of the negotiations for a new International Tin Agreement. It is generally expected that in view of the dissention at the Geneva conference, the existing Agreement is likely to be extended for another year, until June 1982, when the Tin Council meets in January.

Although tin held steady, copper came under pressure again on the London Metal Exchange yesterday. Cash Wirebars closed £20 down at £878 a tonne, reflecting fears that the U.S. housing "starts" figure due out this week will show a further decline.

Talks on U.S. grain ban

GRAIN EXPERTS from the U.S., the EEC and other main grain exporting nations will meet in Brussels on May 27 the wake of the partial U.S. state of the grain market, in and 28 to discuss the present embargo on grain sales to the Soviet Union, reports Reuters.

The meeting, arranged at the request of the U.S., will involve an exchange of views on the market, but in all probability no new decisions would be taken. It will be attended by U.S. Government officials, representatives of other grain exporting countries including Australia.

Our correspondent in Buenos Aires writes: Argentina and the Soviet Union by the USSR of at least 3.5m tons of Argentine cereal grains and oilseeds every year until the end of 1985.

The agreement will specify that in the period 1980-85, the Soviets will buy from Argentina no less than 2m tons of maize, 1m tons of sorghum and 500,000 tons of soyabeans annually.

In 1979, the Soviet Union bought just over 1.6m tons of maize, and no sorghum or soyabeans, from Argentine. In the first quarter of this year, the Soviet Union bought more than half of Argentina's grain exports.

However, between 250,000 tonnes and 350,000 tonnes of grains and oilseeds are believed to have been lost in extensive flooding in Buenos Aires province at the beginning of this month. An accurate picture of the damage is hard to obtain as many access roads are still unpassable and inspection of fields difficult.

Australian grain growing and exporting bodies have told the Australian Government they oppose any extension of the current ban on extra grain sales to the Soviet Union.

Representatives of the country's growers and marketing bodies made this clear when they met Peter Nixon, Primary Industry Minister in Camberra, ahead of the meeting in Brussels which will review the U.S. embargo.

The Australian Government has said it will not make up any shortfall in Soviet supplies stemming from the U.S. embargo, and has prevented several grain sales contracted by Australian marketing authorities since the move.

Platinum trading pattern forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

ANY DECLINE in the price of platinum was likely to be limited by several factors, Mr. Irwin Shishko, vice-president, research, of J. Aron Commodities, the New York based metal trading group, told the annual London Platinum dinner last night.

Mr. Shisko said now that the speculative bubble in precious metals had burst, the case for further price weakness in platinum was plain.

Recent production increases by South Africa had essentially offset the drop in Soviet supplies. Demand was showing weakness in the two leading consuming countries — with jewellery use off sharply in Japan and a sharp downturn in U.S. automobile industry sales.

In the last business downturn the decline in platinum from a $300 an ounce peak to a $140 trough lasted two years; adjusted for inflation a comparable low in the wake of the current recession would be around $250. But Mr. Shishko thought it was unlikely that platinum would sink nearly that far.

World platinum stocks were lower than five years ago; South African producers had greater financial strength, less excess capacity and faced less outside competition. Lower prices would evoke renewed demand in Japan and the market was more likely to be supported by underlying invsetor demand.

Mr. Shishko felt that free market platinum might reach a cyclical low around $300 in 1981-82, depending particularly on the further course of Soviet sales.

ICI raises fertiliser prices

By Our Commodities Staff

ICI IS putting up UK prices of its fertilisers, effective from June 1. The company announced yesterday that the cost of straight nitrogen fertilers would go up by 8 per cent and compound fertilisers by 10 per cent. This follows similar price rises last December.

The increases are blamed on rising costs of raw materials, distribution and manufacturing.

Fisons, the other leading UK producer, said it was studying the situation. But it seems fairly certain that other fertiliser producers will also put up their prices.

Profit-taking hits sugar

THE DRAMATIC rise in world sugar prices which had lifted nearby values by £100 since the end of last month was halted yesterday. August delivery sugar on the London futures market, already at a five-year peak, rose still further during the morning and reached £379 a tonne at one stage.

Then, however, the profit-taking and speculative selling which some dealers had been predicting took effect. In the afternoon prices fell the £20 permissible daily limit and by the close August sugar was quoted at £354.725 a tonne, down £8.525 on the day.

The downturn started in New York where speculative selling triggered "stop-loss" orders. Dealers there said the selling started when values failed to rise by the amounts forecast overnight.

Cocoa falls £11

COCOA prices dropped to new life of contract lows on the London market yesterday, following renewed selling pressure. The July futures position dipped to £1,160 — the lowest level since July, 1976—at one stage before rallying to close at £1,174 a tonne, £11 down on the previous day.

The market was unsettled by reports of further selling by producers, notably Ghana, in spite of the fall in prices. There is also some uncertainty about reported meetings in Abidjan between European trading and processing companies on proposals to buy some of the surplus Ivory Coast cocoa currently stockpiling.

SPRING-SOWN CROPS

Hopes recede of high yields

BY DAVID RICHARDSON

WHILE BERISFORD and British Sugar battle for control of the UK market, farmers who grow beet from which the sugar is extracted are more concerned with drought than share prices.

Six weeks ago, the national crop seemed set for another good year, following last season's record overall tonnage. Planting took place into good seedbeds which appeared to contain ample moisture. Timing was good, too, with many farmers working over the Easter holiday to get their seeds into the ground in early April to try to avoid potential yield loss from later drillings.

Since then, however, there has been no significant rainfall and the cold north and north-easterly winds, which dominated April, dried out the topsoil. And, although the recent warm spel has helped a few early crops which had fully germinated before the worst of the drought, it has worsened the state of later plantings.

Throughout the eastern counties, fields in which rows of beet seedlings should, by now, be clearly showing, appear to the casual glance to be almost bare. Closer inspection usually reveals that some germination has taken place, but it is patchy to say the least.

Some plants have half a dozen cotyledon leaves, while others are only just through the ground. In some large patches nothing is showing at all except ubiquitous weeds growing apparently unhindered, because applied herbicides also need rain to make them work.

As always, under such circumstances of retarded crop growth, predator damage appears to be much worse than usual. Following widespread attacks by field mice, which have taken to eating sugar beets as they lie in the soil, plants which have emerged are now being bitten off by larks, sparrows and partridges. Most will probably recover if and when it rains, and as yet ungerminated seed should grow, but in the meantime prospects for high sugar beet yields this year are receding.

Main crop potatoes have not yet suffered a serious setback although, like all crops, they need rain. They too were planted into good seed beds at the right time, but soil temperatures have been well below average until recently so that growth has been slow and few green leaves are visible in the ridges. Some crops of February-planted early potatoes, designed to catch mid summer premium prices, did emerge towards the end of April only to be "burned" by May frost.

Reports from Lincolnshire and other parts further south tell of blackened leaves and shoots which will grow no more. New growth will eventually emerge and such crops will recover, but the benefits of early planting will have been lost and yields will suffer.

It is estimated that the soil moisture deficit amounts to over three inches in some areas already, which is unusual and potentially serious this early in the year. Other crops which are particularly vulnerable to such a drought are various vegetables—especially peas.

Here again, early plantings which went into adequate moisture have, in the main, established themselves and are looking reasonable. Attacks by weevils, which eat their way through the tender green leaves as they emerge have needed spraying with insecticide in some cases, but this is relatively cheap and usually very effective.

Most seriously affected, however, have been specialist crops for processing. To ensure orderly ripening so that maximum tonnages of green vegetables can be processed through available factory equipment, processing companies draw up schedules of drilling dates for farmers to follow.

Obviously it is critical to even ripening that each field is drilled on the optimum day and that every seed in that field germinates at the same time.

But seeds need moisture to germinate, and where soil conditions are as dry as this year, such stringent requirements are all but impossible to attain—particularly on heavy land where there are clods. It seems almost inevitable, therefore, that later drillings of processed peas, which have suffered most from the dry spell, will ripen unevenly and therefore be of poor quality and yield badly.

That all the crops mentioned so far have been spring planted is, of course, highly significant. For once again this year relatively drought proof, autumn sown crops, like winter wheat, winter barley and oil seed rape, look like suffering least from the vagaries of the weather.

Their extensive roots and capillaries, established through the winter, are able to search out moisture in the sub soil which spring-drilled crops cannot reach.

Such crops would also benefit immensely from a good soak, but the difference in yield potential between, say, winter barley and some spring barleys —which have suffered along with so many other spring-drilled crops—looks enormous. And the longer the drought continues, the greater the gap will become.

New approach to beef butchery needed

BY OUR COMMODITIES STAFF

BRITAIN'S ailing beef industry must adopt an entirely new approach to butchery if it is to fight off the challenge mounted by producers of white meats—poultry and pork—Dr. Henry Swann, senior lecturer in animal production at Nottingham University, said in London yesterday.

Speaking at a press conference called to announce that an important beef production and marketing conference was to be held in London in December, Dr. Swann warned that the new face of the beef industry could mean teh demise of the traditional high street butcher.

He said the concentration of UK production on joints rather than steaks was outdated. "The modern housewife hasn't the time or the inclination to prepare and cook large joints. She wants a high quality convenience food, such as steak."

By going in for "muscular disection" rather than plain butchery the UK beef industry could raise its proportion of steak production from a little over 30 per cent at present to as much as 70 per cent, Dr. Swann said. This would be in line with the U.S. production pattern.

"Almost everyone can get a better deal," he said. Farmers and processors profits would be improved and housewives would get their steak much cheaper.

Only the specialist retail butcher would suffer as supermarkets took a larger share of the beef market. "Small retail butchers are already on the decline," Dr. Swann said. "The new production pattern would merely accelerate this trend."

A new approach was vital if the industry was to avert a disastrous decline. The consumer switch to white meats was likely to continue because they were produced more efficiently and were more price competitive.

The UK was a "natural" for beef production, Dr. Swann stated, "But marketing must be improved."

He also said British farmers should produce leaner beef to take advantage of export market requirements. "We have the technology but the archaic UK beef industry cannot grasp the opportunity."

Dr. Swann will be one of the speakers at the conference, organised by Elanco Products, the international pharmaceutical company, and Livestock Farming magazine. It will be held on December 2 and 3.

Coffee trader plans appeal

LONDON COFFEE trader Alan J. Ridge intends to appeal an initial decision by the U.S. commodity futures commission (CFTC) that could ban the company from trading on U.S. commodity markets, he said yesterday.

On Wednesday the CFTC said its administrative law judge Eugene Hunt issued the decision after Ridge failed to answer charges filed by the commission on March 17 alleging Ridge refused to provide information on U.S. coffee futures trading requested by the CFTC.

● On the London future market yesterday prices rose strongly in response to producer buying activity. The July position ended the day £29.5 up at £1,749.5 a tonne. The rise reversed falls earlier this week which dealers saw as a "technical correction."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange ahead of the latest U.S. housing starts figures and also reflecting the strength of sterling against the dollar. Forward metal opened around the £910 level and dipped to £905.5 in the Rings before steadying at £907 on the morning Kerb. During the afternoon the price edged up to £911 in thin trading before falling back to close the late Kerb at £900. Turnover: 17,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	883-4	—8	877-9	—20
3 months	907-8	—8.75	904-.5	—10.2
Settlem't	884	—8	—	......
Cathodes	874-5	......		
Cash			861-3	—21
3 months	885-6	—10.5	883-5	—19
Settlem't	885-.5	+8	—	......
U.S. Prod.	865	—19	*90-96.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £881, 81.5, 82, three months £911, 11, 09, 08.5, 08, 07, 08, 05.5, 06, 07, 08. Cathodes, cash £866, 65, three months £885. Kerb: Wirebars, three months £907.5, 07, 08, 07. Afternoon: Wirebars, three months £908.5, 08, 07, 07.5, 05, 06, 05.6, 05, 05.5, 04, 04.5. Kerb: Wirebars, three months £904, 03, 03.5, 03, 01, 02, 801, 900.

TIN—Barely changed. After opening at £7,440 forward metal dipped to £7,425 in the Rings owing to hedge selling. In the afternoon the market edged higher to close at £7,435 in front of news that the GSA is to make its first sale of stockpile tin on July 1, when 500 tonnes will be offered. Turnover: 1,920 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7490-510	+5	7500-20	+29
3 months	7450-60	+6	7450-80	......
Settlem't	7510	+19	—	......
Standard				
Cash	7440-50	—40	7440-50	—45
3 months	7425-30	—15	7430-5	—25
Settlem't	7450	—40	—	......
Straits E.	£2215	+15	—	......
New York	—	......	—	......

Morning: Standard, cash £7 450, three months £7,420, .25. High Grade, cash £7,470. Afternoon: Standard, three months £7,430, 35, 30. Kerb: Standard, three months £7,430, 7,400, 7,390, 80.

LEAD—Marginally easier after a day of narrow movements. Three months metal touched extremes of £339 and £344 before closing the late Kerb at £340. Turnover: 6,650 tonnes.

Morning: Cash £334, 33, 32, 31.5, 31, three months £343, 42, 41, 40, 41. Kerb: Three months £340, 40.6. Afternoon: Cash £332, three months £342, 40. Kerb: Three months £339.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	330-1	—3	329-30	—7.5
3 months	341-2	—1	339.5-40.8	—6
S'ment	331	—3	—	......
U.S. Spot	—	......	*36-40	......

ZINC—Held steady. Forward metal fell to £310 during the early pre-market trading but subsequently rallied to end the late Kerb at £315.4. Turnover: 3,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	501-3	+.5	302.4	—1
3 months	313-4	—.25	314.5-5	+1.25
S'ment	306	+1	—	......
Primw'ts	—	......	*37.5	......

Morning: Three months £313, 13.5, 13, 14, 13, 13.5. Kerb: Cash £301, three months £314. Afternoon: Three months £314.5, 14. Kerb: Three months £313, 14.

ALUMINIUM—Down following the fall in copper and the rise in sterling against the dollar. Three months metal opened at £777 and gradually gave ground to end the late Kerb at £770. Turnover: 9,600 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	785-4	+3	784-6	—6.5
3 months	775-4	+.5	775-4	—6

Morning: Mid-June £786 three months £775, 75.5, 75, 74. Kerb: Three months £775. Afternoon: Three months £775, 75.5, 74, 73. Kerb: Three months £773, 71, 70, 71.

NICKEL—Drifted from £2,720 to close the afternoon at £2,705 after a day of dull and routine trading. Turnover: 414 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2680-7	+18	2605-15	—25
3 months	2715-7	+15.5	2705-10	—20

Morning: Three months £2,715, 19. Afternoon: Three months £2,71P. Karb: Three months £2,705.

COMPANY NOTICES

BANK OF AMERICA INTERNATIONAL S.A. LUXEMBOURG
NOTICE OF REDEMPTION
A. G. A. Aktiebolag 8¼% Bonds due 15th June 1988

NOTICE IS HEREBY GIVEN to the bondholders of the above mentioned issue that the amount redeemable on 15th June, 1980, i.e. US$1,000,000.00 was bought back in the market.
Amount outstanding US$23,000,000.00.
For A. G. A. Aktiebolag
By Bank of America International S.A.

LEUMI INTERNATIONAL INVESTMENTS N.V.
US$60,000,000 GUARANTEED FLOATING RATE NOTES 1985
The interest rate applicable to the above notes in respect of the six-month period commencing 15th May 1980 has been fixed at 11 ⅝% per annum. The interest amounting to US$59.09 per coupon of US$1,000 nominal and to US$590.94 per bond of US$10,000 nominal and to US$5,909.38 per bond of US$100,000 nominal will be paid on MONDAY 17th NOVEMBER, 1980 against presentation of coupon no. 4
BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent.

BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED
NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the above Company will be closed from 14th to 27th June, 1980, both days inclusive.
By Order of the Board
RUSSELL LIMEBEER, Secretaries.
Registered Office: Broad Street Place, London, EC2M 7EP.
15th May, 1980.

SILVER

Silver was fixed 15.3p an ounce lower for spot delivery in the London bullion market yesterday at £5.5590. U.S. equivalents of the fixing levels were: spot $12.772, down 29.3c; three-month $13.057, down 22.4c; six-month $13.217, down 39.5c; and 12-month $13.893, down 48.0c. The metal opened at £5.5-£5.75 (12.7-$13.2) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	555.90p	—15.5	565.5p	—20
3 months	576.20p	—15.5	576.5p	—19.5
6 months	588.20p	—20.5	—	......
12months	628.20p	—25.5	—	......

LME—Turnover 81 (208) lots of 10,000 ounces. Morning: three months 581, 79, 75. Kerbs: three months 577. Afternoon: three months 583, 80, 78, 75, 76, 75. Kerbs: three months 577, 72, 73, 74.

COCOA

Contract lows were recorded for every futures position during a day which saw a trading range of £25 and a closing call at the mid point. Producers were absent today but consumer light scale-down buying, particularly for cocoa products, continued to be the order of the day, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
May	1165-75	—20.0	1190-58
July	1173-76	—11.6	1188-1160
Sep.	1183-85	—8.5	1199-1175
Dec.	1228-30	—12.0	1245-18
March	1257-88	—11.5	1277-58
May	1293-92	—15.5	1293-86
July	1610-22	—15.5	1385-10

Sales: 2,684 (4,042) lots of 10 tonnes.

COFFEE

Robustas opened with gains of £20-£25 during an active opening call. However after establishing new contract highs in distant positions the market eased slightly on producer type selling. The afternoon traded in a similar trend with some light profit taking paring the gains slightly at the close. Reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1703-05	+29.5	1707-97
July	1749-50	+29.5	1759-44
Sept.	1804-07	+22.5	1810-P1
Nov.	1820-24	+18.5	1830-16
January	1822-30	+18.0	1833-25
March	1775-80	+7.50	1785
May	1735-70	+17.50	—

Sales: 9,583 (7,408) lots of 6 tonnes.

ICS Indicator prices for May 14 (U.S. cents per pound): Other Mild Arabicas 193.00 (191.33); Robustas ICA 1976 175.25 (same). ICA 1968 175.50 (same). Unwashed Arabicas 218.00 (same). Comp. daily ICA 1968 196.76 (197.22).

GRAINS

LONDON GRAIN FUTURES — May wheat opened higher and steady buying interest increased values in thin trading to close £1.40 up. However, selling pressure reversed an early rise in barley and it closed lower, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	97.50	+1.40	90.25	—0.55
Sept.	94.60	+0.65	99.30	+0.30
Nov.	98.40	+0.28	05.20	+0.10
Jan.	102.20	+0.20	99.95	+0.05
Mar.	105.50	+0.28	103.25	+0.10

Business done—Wheat: May 97.50-96.90, Sept. 94.75-94.60, Nov. 98.60-98.35, Jan. 102.35-102.30, March 105.55-105.40. Sales: 191 lots of 100 tonnes. Barley: May 91.00-90.25 Sept. 92.50-92.25, Nov. 96.45-96.15, Jan. 100.10-99.95 March 103.50-103.25. Sales: 412 lots of 100 tonnes.

IMPORTED — U.S. Dark Northern Spring No. 2 14 per cent May 395.50, June 96.00, July 96.50, Aug. 98.50 transhipment East Coast. Maize: S. African Yellow May/June 80.00 seller. Barley: English Feed fob May 98.00, June 99.00 East Coast. Rest unquoted.

NGCA — Locational ex-farm spot prices. Feed barley: S. East 92.30, W. Midlands 90.20, N. West 92.30. Other milling wheat: N. West 98.40.

RUBBER

The London physical market opened unchanged with little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 292 (295) cents kg (buyer, June).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
June	60.70-61.00	60.60-60.70	61.00-60.80
July	62.00-62.20	61.70-61.90	—
Jly-Sept	65.30-65.40	62.98-65.00	65.40-65.00
Oct-Dec	66.90-67.00	66.90-66.70	67.20-66.50
Jan-Mar	69.90-70.00	69.40-69.50	70.30-69.40
Apr-Jne	72.69-72.79	72.20-72.30	73.00-72.66
Jly-Sept	75.40-75.50	74.90-75.00	75.40
Oct-Dec	78.00-78.10	77.60-77.70	78.00 —
Jan-Mar	80.50-80.60	80.20-80.40	80.60

Sales: 312 (256) at 15 tonnes, 3 (8) at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.25p (59.50p) June 63.25p (same): July 64.00p (same).

SOYABEAN MEAL

The London market opened unchanged and moved slightly steadier on consumer interest, reports T. G. Roddick. With a stronger sterling during the afternoon prices failed to hold and fell £1.00 to contract lows, where good support was found and mixed buying steadied prices which closed with losses of 50p.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	107.00-07.5	—0.40	107.50-07.00
August	107.20-07.4	—0.10	107.80-07.50
October	104.90-05.0	—0.75	105.80-04.50
December	108.10-08.0	—0.70	109.10-08.60
February	111.00-11.5	—0.55	112.00-11.00
April	115.50-14.0	—0.75	114.00-13.50
June	115.00-17.0	+1.0	—

Sales: 102 (131) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £350.00 (£335.00) a tonne cif for May-June shipment. White sugar daily price was £343.00 (£323.00).

NUMBER 4 CONTRACT — Close (in order buyer, seller only). August 357.00, 360.00; Oct. 362.50, 363.50; Jan. 366.00, 370.00; March 367.50, 368.50; May 364.00, 368.00; August 360.00 seller; Oct 362.00 seller. Sales 574 (1,400).

The market opened at around overnight levels and thereafter rapidly gained ground over the morning with August touching £379.00. In the afternoon however London prices fell with August losing almost £38.00 touching £351.50 in wild trading conditions, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	358.00-56.80	344.00-50.00	360.00-45.50
Aug.	354.50-54.35	363.00-63.50	378.00-51.50
Oct.	360.00-61.00	367.90-68.00	380.00-58.00

Sales: 12,770 (8,734) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £448.00 (£428.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 14. Daily price 32.64 (32.50). 15-day average 26.65 (25.99).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 67 tonnes, bringing the total for the week so far to 460 tonnes. Slack trading ensued without much incentive to extend engagements. Follow-on purchasing occurred in certain specialist qualities, chiefly in the North American range.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 452.0, 460.0, 452.-452.0, 14; July 451.0, 457.0-451.0, 393; Oct. 452.0, 453.0, 464.5-453.0, 413; Dec. 456.5, 457.0, 467.5-455.0, 312; March 464.0, 465.0, 472.0-464.0, 54; May 465.P, 467.3, 475.0-467.5, 47; July 465.0, 471.0, 479.0-472.0, 9; Oct. 467.5, 470.0, 472.0-472.0, 3. Sales 1,245.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 367, 375, nil, nil; Aug. 379, 385, 380, 1; Oct. 380, 385; nil, nil; Dec. 380, 385, nil, nil; Jan. 375, 385, 380, 1 March 375, 383, nil, nil; May 375, 384, nil, nil; Aug. 375, 395, nil, nil; Oct. 375, 395, nil, nil. Sales 2.

★

GRIMSBY FISH — Supply: Good; demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £4-£4.50, codlings £3-£4. Large haddock £3.30-£4.40, medium £3.30-£3.80, small £2-£2.80. Medium plaice £4-£5, best small £3.40-£4.30. Skinned dogfish (large £8, (medium) £4. Lemon soles large £7.50, medium £6.50. Rockfish £2.30-£2.80. Reds £2-£2.60. Saithe £2-£2.30.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 68.00 to 73.00. Eire hind quarters 82.00 to 84.00. Eire forward quarters 46.5.00 to 49.00. Veal: Dutch hinds and ends 94.00 to 108.00. Lamb: English small new season 62.00 to 72.00. Imported frozen NZ pl 61.00 to 62.00, pm 59.00 to 60.00, ph 58.00 to 58.00. Noggets: English 40.00 to 60.00, Scotch 40.00 to 60.00. Pork: English, under 100 lb 44.00-60.00, 100-120 lb 40.00 to 48.00, 120-160 lb 40.00 to 46.00.

MEAT COMMISSION—Average fatstock prices at representative markets on May 15. GB cattle 83.89p per kg lw (—1.74). UK sheep 135.35p per kg est d c w (—4.28). GB pigs 70.48p per kg lw (—2.72).

COVENT GARDEN—Prices yesterday in sterling per package except where otherwise stated: Imported Produce. Oranges—Spania: Vernas 3.80-4.20, Bloods 3.30-3.60; Jaffa: Valencia Lates 50/189's 4.80-6.30; Egyptian: Valencia Lates 75/125's 3.00; Moroccan: 54/113's 4.10-4.80; Cyprus: Valencia Lates 3.50-5.80; Arizona: Valencia Lates 92/88's 6.00-6.40. Ortaniques—Jamaican: 54/126's 5.00. Lemons—Italian: 100/150's 4.20-4.50; Spania: Trays 25/45's 2.00-2.20, boxes 4.00-5.00; South African: Boxes 5.0-6.00. Grapefruit—Cyprus: 20 kg 4.00-5.40; Jaffa: Boxes 40/75's 4.80-5.20; South African: 3.25-3.75. Minneolas—Californian: Approximately 20 lb 45/90's 4.50. Apples—New Zealand: Sturmer Pippins 5.40, Golden Delicious 7.40; Tasmanian: Cox's Orange Pippins 9.40-10.00; Chilean: Granny Smith, large boxes 125/150's 7.60; South African: Golden Delicious 8.00-8.30, Starking 8.30-8.80, White Winters 125/180's 7.50-7.80, Granny Smith 7.30-7.80; French: Golden Delicious, boxes 40 lb 138/175's 5.20-5.80, 20 lb 2.60-2.80; Italian: Jonathans/Romes 40 lb 4.60. Pears—South African: Approximately 34 lb Saurre Bosc 7.20-7.50, Packham's 8.00-8.50; Italian: Passecrassane 12 lb 1.80; Chilean: Anjous/Packham's 150/165's 8.50-9.00. Grapes—South African: Sarlina 5.80, Golden Hill 8.00, Almeria 8.00. Strawberries—Per punnet. Italian: 0.30-0.35; Spanish: 0.25-0.35. Melons—Israeli: Yellow 10's 10.00; Chilean: White 9.00-9.60; Spanish: 8/11's 6.00-6.00. Avocados—South African: 3.60-3.80. Bananas—Jamaican: 28 lb, per pound 0.17-0.19. Tomatoes—Canary: 2.50-3.00; Dutch: 4.30-4.50; Guernsey: 4.20-4.40. Onions—Chilean: 5.50-5.80; Dutch: 6.00; Canary: 6.20-6.40. Chicory—Belgian: 5 lb 2.00-2.40. Potatoes—Egyptian: King Edwards 4.10-4.20; Cyprus: New crop 20 kg 4.30-4.40; Jersey: Per pound 0.40; Italian: 55 lb 8.20; Valencia: 44 lb 3.90-4.00; Majorcan: 44 lb 4.80-5.00. Carrots—Dutch: 10 kg 3.60; American: Prepack 48 x 1 lb 7.20; Cyprus: 2.30-2.40. Capsicums—Dutch: 6.40. Beetroots—Cyprus: New crop, approximately 28 lb 3.50. Celery—American: 24/30's 6.00. Cabbages—Dutch: White 2.80-3.00.

English Produce. Potatoes—Per bag 2.30-2.80. Mushrooms—Per pound 0.50-0.55. Apples—Per pound Bramley 0.10-0.16, Laxtons 0.12-0.13. Swedes—Per 25/28 lb 0.60-0.70. Turnips—Per 28 lb 1.20. Carrots—Per bag 1.80-2.20. Cabbages—Per bag 1.20. Cauliflowers—Per 12's English 1.60-2.80. Cucumbers—Trays 18/20's 2.80-3.00, prepack 18/20's 3.80-3.80. Tomatoes—Per 12 lb 4.00-4.40. Lettuce—Per pound round 1.20-1.50, Cos 1.80. Rhubarb—Per pound outdoor 0.05. Onions—Per bag 8.00-8.50. Beetroots—Per bag, round 1.50, long 2.20. Celery—English 12/30's 4.00-4.80. Asparagus—Per pound 0.90-1.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 15 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1920/1950	......	$1900/50
Copper			
Cash w'bar	£878	—20	£965.5
3 mths	£904.85	—10.25	£986.6
Cash Cathode	£862	—21	£955.5
3 mths	£884	—19	£952.6
Gold troy oz	$518.5	—7	$983.5
Lead cash	£332.5	—7.5	£461
3 mths	£340	—6	£444.25
Nickel	£3,355	......	£3,477
Freemkt(cif)(lb)	265/285c	—5	285/310c
Platin'm'tr'y oz	£129-135	......	£169/185
Free mkt	£248.95	—7.45	£282.15
Quicksil'ver†	$380/390	—7.5	$402/412
Silver troy oz	556.90p	—15.3	670.45p
3 months	576.2Pp	—13.5	698.65p
Tin Cash	£7,446	—45	£7,816
3 mths	£7,462.6	—25	£7,812.5
Tungsten22.04lb	$144.6P	......	$141.56
Wolfrm 22.04 lb	$138/145	......	$144/148
Zinc cash	£303	—1	£330.5
3 months	£314.75	—1.25	£333.5
Producers	$760-825	......	$825
Oils			
Coconut (Phil)	$655z	+8.5	$700
Groundnut	‡	......	‡
Linseed Crude	‡	......	$438
Palm Malayan	$585z	......	$618
Seeds			
Copra Philip	$400	......	$445
Soyabean(U.S.)	$265.60x	+8	$264
Grains			
Barley Futures	£92.50	+0.10	£90.50
Maize			
French No3AM	‡	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Millinot	‡	......	‡
Other commodities			
Cocoa ship't	£1,910	—11	£1,351
Future July	£1,174	—11.5	£1,357
Coffee Ft'r July	£1,749.5	+29.5	£1,691.3
Cotton A.Index	89.10c	—0.05	91.05c
Rubber (kilo)	6P.28p	—0.25	66.50p
Sugar (Raw)	£350	+16	£240
Wooltp's 64s	294p kilo	+9	296p kilo

u June. a June/July. t May-June. w Aug. x July. z indicator. § Buyer. ‡ Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, May 15.

A BEARISH cattle on fed report put the livestock markets sharply lower to limit down. Precious metals sold off on commission house selling and lack of follow-through. Copper drifted lower on the lack of buying interest. Reports of a cold front in Argentina rallied the coffee market. Selling of current production by Ghana put the cocoa market under heavy pressure. Continued liquidation by commission houses carried cotton sharply lower. Sugar recovered from limit losses and finished moderately higher. A late rally in wheat carried maize and soyabeans moderately higher, reported Heinold.

Potatoes (round whites)—Nov. 70.P (70.0).

¶Silver—May 1240.0-1243.0 (1303.0), June 1256.0 (1306.0), July 1265.P, Sept. 1290.0, Dec. 1329.0, Jan. 1341.5, March 1366.5, May 1391.5, July 1418.5, Sept. 1441.5, Dec. 1479.0, Jan. 1491.5, March 1514.P. Sales: 1,300. Handy and Harman bullion spot 1275.00 (1310.00).

Sugar—No. 11: July 33.40-33.60 (34.45), Sept. 33.95-34.05 (34.10), Oct. 34.50-34.60, Jan. 35.20-35.30, March 35.30-35.50, May 35.35, July 34.90, Sept. 34.70, Oct. 34.50.

Tin—773.00-797.00 asked (780.00-795.00).

CHICAGO, May 15.

Lard—Chicago loose 19.00 (same). New York prime steam unavailable.

Live Cattle—June 64.82 (66.32), Aug. 65.02 (66.52), Oct. 63.45, Dec. 64.00-54.10, Jan. 65.00, Feb. 65.05-65.20, April 65.55.

Live Hogs—June 33.35-33.40 (34.30), July 35.35-35.25 (36.12), Aug. 34.90-34.95, Oct. 35.75-35.60, Dec. 39.00, Feb. 42.27, April 41.32, June 44.65, July 44.65.

‡‡Maize—May 273¼-273½ (270¾), July 281¾-282 (279¾), Sept. 292-292¼, Dec. 298¾-299¼, March 311, May 318½.

Pork Bellies—May 30.75-30.70 (31.80), July 31.80-32.00 (33.00), Aug. 31.80-32.00, Feb. 46.90, March 47.00, May 47.55, July 48.50, Aug. 47.50.

Silver—May 1235.0-1240.0 (1302.0), June 1267.0 (1307.0), July 1278.0, Aug. 1292.0, Oct. 1317.P, Dec. 1342.0, Feb. 1367.0, April 1392.P, June 1417.P, Aug. 1442.0, Oct. 1467.0, Dec. 1492.0, Feb. 1517.0, April 1542.0, June 1567.0, Aug. 1592.P, Oct. 1617.P.

†Soyabeans—May 612½-613 (608), July 625-626 (621¼), Aug. 634, Sept. 640½-641½, Nov. 652½-653½, Jan. 667½-668, March 682-683, May 693½.

‖Soyabean Meal—May 169.7 (169.5), July 173.8-174.P (173.9), Aug. 176.4-176.7, Sept. 178.8-179.0, Oct. 181.5, Dec. 185.2-185.4, Jan. 187.2-187.0, March 191.5, May 194.5-195.0, July 195.P-196.0.

Soyabean Oil — May 20.98-21.00 (20.87), July 21.27-21.25 (21.17), Aug. 21.48-21.45, Sept. 21.55, Oct. 21.85-21.90, Dec. 22.20-22.15, Jan. 22.20, March 22.60, May 22.90, July 23.15.

†Wheat—May 419 (407½), July 424-425½ (417), Sept. 436½-436, Dec. 453½-454, March 466, May 473½.

WINNIPEG, May 15. §Barley—May 126.00 (122.90), July 128.30 (121.80), Oct. 123.50, Dec. 123.00, March 122.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

European commodities markets were closed yesterday for the Ascension Day holiday.

Live sheep carrier delayed

MELBOURNE — A ship with 92,000 live sheep on board for delivery to Kuwait has been delayed for 24 hours by the Australian Seamen's union.

The action is in support of protests by local meat workers that the live animal trade is the cause of reduced employment in local meatworks.

Australian meat workers have been demonstrating and picketing the wharf at Portland, Victoria, in an unsuccessful effort to prevent the beasts being loaded aboard the ship.

The meat workers' action has delayed loading by more than a week and the seamen's union's decision to support them prevented tugs taking the vessel out today.

Reuter

INDICES

FINANCIAL TIMES

May 14	May 13	M'nth ago	Year ago
273.16	273.36	288.42	276.16

(Base: July 1, 1952=100)

MOODY'S

May 14	May 12	M'nth ago	Year ago
1156.9	1155.0	1140.5	1069.8

DOW JONES

Dow Jones	May 14	May 12	Month ago	Year ago
Spot	441.60	438.84	421.26	387.57
F'tur's	445.15	440.78	430.18	305.76

(Average 1924-25-26=100)

REUTERS

May 15	May 14	M'nth ago	Year ago
1722	1723.7	1718.2	1567.9

(Base: September 18, 1931=100)

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98¾	95⅞	Treasury 3½pc '77-80	98¾xd	......	3.54	16.28
99⅛	96	Funding 5¼pc '78-80‡‡	99⅛xd	......	5.30	16.28
99⅜	97⅞	Exchequer 13pc 1980‡‡	99⅛xd	−⅛	13.11	14.73
98⅛	96¼	Treasury 11½pc 1981‡‡	98⅛	−1/16	11.71	14.34
92½	90¼	Treasury 3½pc 1979-81	92½	......	3.78	14.23
96½	95⅛	Treasury 9¾pc 1981‡‡	96⅛	−⅛	10.12	14.36
94⅛	91¼	Exch. 8¼pc 1981	94½xd	−⅛	8.73	14.00
94⅞	92¼	Exch. 9½pc 1981	94¾	−1/16	10.03	14.33
91¼	85½	Exch. 3pc 1981	91¼	......	3.26	10.08
98⅜	96½	Treas. Variable '81‡‡	98⅜xd	+1/16	16.29	17.93
98¼	95⅝	Exch. 12¾pc 1981‡‡	98⅛xd	−1/16	12.99	14.14
92⅞	89½	Treas. 8½pc '80-82‡‡	91⅞	−¼	9.25	14.07
88¾	82½	Treasury 3pc '82‡‡	88¾	......	3.38	10.14
100¼	96⅝	Treasury 14pc '82‡‡	99⅞	−⅛	14.01	14.01
96⅜	94¼	Treas. Variable '82‡‡	96⅛xd	+1/16	17.07	18.83
90¼	86⅛	Treasury 8¼pc '82	90¼	−1/16	9.14	13.63
91	86⅛	Exch. 9¼pc 1982	90½	−1/16	10.22	14.07
89⅝	85	Exch. 8¾pc 1983	89⅛	−1/16	9.82	13.76
81¾	76½	Exch 3pc '83	81¾	......	3.67	10.78
95¼	90⅞	Treasury 12pc 1983‡‡	94½	−1/16	12.69	14.38
94¼	90⅝	Treas. Variable '83‡‡	94¼xd	+1/16	17.12	19.24
92⅞	84½	Treasury 9½pc '83	88⅛	−⅛	10.49	13.98
99⅝	94¼	Exch. 13½pc '83	97½xd	−1/16	13.84	14.42
89⅞	84½	Exch. 10pc 1983	89xd	−⅛	11.23	14.04
80¼	76½	Funding 5½pc '82-84‡‡	80¾	......	6.81	12.14
92⅞	87¼	Exch. 11¼pc 1984	91⅛	−⅛	12.27	14.15
100⅛	94½	Exchequer 14pc 1984	99¼xd	−¼	14.10	14.25
73	68¾	Exch. 3pc 1984	72⅝	−⅛	14.14	11.70
94⅝	89⅜	Treasury 12pc 1984	93⅝	−1/16	12.81	13.96
104⅛	98	Treasury 15pc 1985	102⅞	−1/16	14.58	14.11

Five to Fifteen Years

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97⅝	90⅝	Exch. 12¾pc 1985	93⅞xd	−¼	13.62	13.81
87	79¾	Treasury 8½pc '84-86‡‡	86½	−¼	10.77	12.39
101⅛	91	Exch. 13¾pc 1987	100⅜	−¼	13.70	13.99
76	70¾	Funding 6½pc '85-87‡‡	75⅜	−⅛	8.65	11.85
78⅞	72¼	Treasury 7¾pc '85-88‡‡	78⅜	−⅛	10.20	12.71
60⅞	54⅞	Transport 3pc '78-88	60⅜	−⅛	5.06	10.60
90⅝	83	Treasury 11¾pc 1989	90	−¼	13.16	14.03
64⅛	53⅞	Treasury 5pc '86-89	62⅞	−¼	8.07	11.79
99⅞	89¾	Treasury 13pc 1990‡‡	99	−¼	13.73	14.00
77½	69⅞	Treasury 8¼pc '87-90‡‡	73¼xd	−¼	11.15	12.97
91⅝	82½	Treasury 11¾pc 1991	90¾	−¼	13.55	14.19
64⅝	57½	Funding 5¾pc '87-91‡‡	61¼	−⅛	9.41	12.33
87⅜	78⅛	Exch. 11pc 1991	83½	−½	13.33	14.12
96⅛	87⅝	Treasury 12¾pc '92‡‡	95⅜	−¼	13.91	14.22
81⅝	74⅜	Treasury 10pc 1992	79⅜	−¼	12.89	15.91
93½	86¾	Exch. 12¼pc '92	91¼	−¼	13.83	14.24
20⅞	19¼	Ex. 13½pc '92 (£20pd)	19¾	−¼	14.09	14.24
94⅞	85½	Treasury 12½pc '93‡‡	94⅛	−¼	13.90	14.20
62⅝	54⅝	Funding 6pc 1993‡‡	59⅜	−⅛	10.30	12.51
101¼	93½	Treasury 13¾pc 1993‡‡	96⅝xd	−¼	14.29	14.27
109⅞	95⅝	Treasury 14½pc '94‡‡	103⅛	−¼	14.41	14.38
95½	85½	Exch. 12½pc 1994	93	+¼	13.56	14.11
76⅞	69⅝	Treasury 9pc '94‡‡	73xd	−¼	12.32	13.22
91¼	82	Treasury 12pc '95	90⅝	−¼	13.09	14.11
47⅞	42⅞	Gas 3pc '90/95	45¼	−⅛	6.57	10.14

Over Fifteen Years

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
81⅛	73⅝	Exch. 10¾pc 1995	80⅝	−¼	13.24	13.85
93⅞	87½	Treasury 12¾pc '95‡‡	91⅝xd	−¼	13.92	14.09
100⅞	94⅝	Treas. 14pc '96	99⅝	−¼	14.33	14.36
75½	67¾	Treasury 9pc '92-96‡‡	73½	−⅛	12.50	13.27
112	99½	Treasury 15¼pc '96‡‡	105⅞	......	14.45	14.38
99¾	90⅝	Exchequer 13¼pc '96‡‡	94¾xd	−¼	14.07	14.15
46⅞	41¾	Redemption 3pc 1986-96	45⅛	......	6.70	9.87
99	89	Treasury 13¾pc '97‡‡	98¼	−¼	14.08	14.16
82⅞	74⅜	Exchequer 10½pc 1997	80¾	−¼	13.40	13.84
74⅞	65⅝	Treasury 8¾pc 1997‡‡	71½	−⅛	12.55	13.24
62	54¾	Treasury 6¾pc '95-98‡‡	59	−⅛	11.49	12.60
115¼	101	Treas. 15½pc '98‡‡	108¾	−⅛	14.51	14.42
91¼	83⅝	Exch. 12pc 1998	86¼	−⅛	13.32	13.99
77½	69⅝	Treasury 9½pc 1999‡‡	76¾	−⅛	12.91	13.36
95	82¾	Exch. 12¼pc 1999	89¾	−¼	13.91	14.06
82⅞	75⅝	Treasury 10½pc 1999	78¼xd	−¼	13.40	13.74
103⅞	94⅝	Treas. 14pc '98-01	98¾xd	−¼	14.21	14.23
91⅝	83⅜	Exch. 12pc '99-02	90½	−¼	13.83	13.94
101½	93¼	Treas. 13¾pc 2000-03	101¼	−¼	14.17	14.18
103⅞	95⅝	Treas. 13¾pc 2000-03 A	103⅜	−¼	14.20	14.20
90⅝	78½	Treasury 11½pc '01-04	85⅞	−⅛	13.76	13.87
38	34⅝	Funding 3½pc '99-04	37⅜	......	9.57	11.09
95¼	86⅝	Treasury 12½pc '03-05	89⅞xd	−⅛	13.88	13.95
65⅝	59¼	Treasury 8pc '02-06‡‡	64⅞	−⅛	12.50	12.78
90	90¼	Treasury 11¾pc '03-07	89⅛	−¼	13.75	13.80
22¼	28¾	Trs. 13½pc '04-08 (£20pd)	21⅞	−⅛	13.93	13.95
52⅞	42⅞	Treasury 5½pc '08-12‡‡	47⅞	−⅛	11.92	12.23
64⅞	57½	Treasury 7¾pc '12-15‡‡	64	−⅛	12.57	12.67
94⅞	83⅞	Exch. 12pc '13-17	89xd	−⅜	13.34	13.37

Undated

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
32⅞	29	Consols 4pc	32	......	12.97	—
35¼	29⅞	War Loan 3½pc‡‡	32⅞xd	......	10.68	—
37¾	32¾	Conv. 3½pc '61 Aft.	34¼	......	10.35	—
25⅛	21⅝	Treasury 3pc '66 Aft.	23⅜	......	13.02	—
22⅛	19½	Consols 2½pc	20¾	......	12.21	—
20⅞	17⅞	Treasury 2½pc	19⅞	......	12.78	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
86	78	5pc Stock '77-82	85¼	−¼	5.87	12.70

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
89½	85⅝	Bath 11½pc 1985	89½xd	+¼	12.62	14.16
93¼	89½	Birm'ham 12½pc 1985	92¾xd	−¼	13.38	14.37
98½	96¼	Bristol 13¾pc 1981	98½	......	13.96	15.67
93¾	90	Burnley 13pc 1987	94⅛xd	......	13.76	14.15
89½	82¾	Cardiff 11pc 1986	87½xd	+¼	12.66	14.14
96¾	93	G.L.C. 12½pc '82	96¼xd	......	12.99	14.70
94½	90¾	Do. 12½pc 1983	94¼	......	13.26	14.74
89	84⅞	Glasgow 9¼pc '80-82	89xd	......	10.39	15.83
71¼	64½	Herts 6½pc 1985-87	71	+½	9.77	13.59
86¼	81¼	Liverpool 9¾pc '80-84	86xd	......	11.34	14.47
27	24	Do. 3½pc Irred.	25¼	+⅛	13.77	—
96¼	92⅛	Lon. Corp. 13¾pc '83	96xd	......	13.80	14.73
86½	79¾	Do. 9½pc '84-85	84½	+½	11.06	13.68
74	71	L.C.C. 5½pc '82-84	74	......	7.44	13.90
66	60½	Do. 5½pc '85-87	63¾xd	+¼	8.64	13.66
65	60¾	Do. 6¾pc '88-90	65	+¼	10.31	13.69
23¼	21	Do. 3pc '20 Aft.	22¾xd	+¼	13.61	
97½	95⅜	Newcastle 9¼pc '78-80	97½	......	9.48	16.69
93¾	87¾	Sunderland 12¼pc 1984	93	+½	13.17	14.35

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible] 5½pc '81-82	87¼	......	6.35	13.79
[illegible]	[illegible]	[illegible] 6pc 1981-83	77xd	−¼	7.69	14.06
[illegible]	[illegible]	N.Z. 7½pc 1988-92	65½	−¼	11.91	14.65
[illegible]	72	Do. 7½pc '83-86	74½xd	......	10.07	13.69
[illegible]	85	Sth. Africa 9½pc '79-81	92½xd	......	10.31	15.98
[illegible]	107	Sth. Rhod. 2½pc '65-70	146	−4	—	—
[illegible]	153	Do. 6pc '78-81	160	−3	—	—

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	59½	......	8.51	12.79
79½	73½	Alcan 10½pc '89-94	79½	+½	13.83	14.65
29½	25	Met. Wtr. 3pc 'B'	27¼	+¼	11.36	13.37
102	89	U.S.M.C. 9pc 1982	96	......	9.79	—
90½	55½	Do. without Warrants	90½	......	10.44	16.40

LOANS—Continued

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45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	85.7	90.3xd	.....	13.26

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	76.6	82.0	.....	6.46
Brit. Inds. Fund	70.5	75.6	+0.2	6.71
Growth & Income	42.3	45.3	-0.1	5.56
Elect. & Ind. Dev.	37.3	39.9xd	-0.1	6.14
Allied Capital	77.8	83.2	-0.3	5.59
Hambro Fund	118.8	127.1	-0.2	6.35
Hambro Acc. Fund	146.0	156.2	-0.2	5.76

Income Funds

High Yield Fd.	65.2	69.8	+0.1	10.39
High Income	41.2	44.1	+0.1	8.14
A. H. Eq. Inc.	41.1	44.0	.....	8.16

International Funds

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL 01-638 4485

Disc. Inc. May 9	200.6	213.9	.....	5.82

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.89
Gt. Winchester O'seas	21.0	23.2	.....	4.75

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-499 5211

Emson Dudley Tst.	68.1	73.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	73.5	77.3	.....	5.55

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	22.7	23.9	+0.1	1.00
Fixed Interest	25.0	26.4	-0.1	12.84
Growth + Income	29.8	31.4	-0.1	7.63
Special Sits.	29.0	30.6	.....	3.12

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	27.0	29.0xd	.....	2.50
Accum. Units	33.2	35.7xd	.....	2.50
J. Finlay High Income	31.6	34.0	.....	10.61
J. Finlay Euro.Fin.	21.4	23.0	.....	4.78
Accum. Units	26.7	28.7	.....	4.78
J. Finlay Fd.In.Tst.	33.3	35.8xd	.....	5.60
Accum. Units	41.1	44.2xd	.....	5.60

Prices on May 7. Next dealing May 14.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American May 12	49.0	52.2	.....	1.37
Am. T'around May 12	48.8	52.0	.....	2.00
Capital Tst.	52.6	56.2	+0.2	5.50
(Accum. Units)	53.4	57.0	+0.2	5.50
Extra Income Trust	47.6	50.8	.....	10.34
Income Tst.	36.2	38.6xd	-1.2	8.97
Int. Growth Fd.	42.0	44.8xd	.....	2.25
(Accum. Units)	44.8	47.8	.....	2.25

Friends' Provdt. Unit Tr. Mgrs.♥

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Public Board and Ind.

High	Low	Stock	Price £	+ or −	Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	59½	.....	8.51	12.79
79½	73¾	Alcan 10½pc '89-94	79½	+½	13.83	14.65
28½	25	Met. Wtr. 3pc 'B'	27¼	+¼	11.36	13.37
102	89	U.S.M.C. 9pc 1982	96	.....	9.79	—
90½	55½	Do. without Warrants	90½	.....	10.44	16.40

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AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

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CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

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FINANCIAL TIMES
Friday May 16 1980

BOYCOTT THREATENS BONN-MOSCOW RELATIONS

Germans to miss Olympics

BY JONATHAN CARR IN BONN

WEST GERMANY'S national Olympic Committee yesterday voted against taking part in the Moscow Games in July, thus providing the major support so far in Europe for the U.S. boycott.

The action was promptly welcomed by the Bonn Government and all the main political parties there. But it is likely to increase tension with Moscow and may endanger the visit which Chancellor Helmut Schmidt had been expected to make to the Soviet Union early this summer.

In Europe, West Germany now joins Norway, Liechtenstein and Monaco in agreeing on a boycott. The German decision may well strongly influence other national committees which have still to vote, including Italy, Holland, Belgium and Spain.

The committee's decision, by 59 votes to 40, came after a vigorous and at times emotional four-hour debate in a Dusseldorf hotel, its entrance surrounded by groups of rival demonstrators.

Although the West German President, Government and Parliament have all spoken out recently against going to Moscow, it came as a surprise when the clear majority of the committee favoured a boycott.

It had been expected that the decisions of the British and French Olympic committees to take part in the Games, might have swayed several German sports officials and brought a closer vote.

The Bonn Government has long made clear its view that it was up to the Soviet Union to make the presence of Western athletes at the Olympics possible by withdrawing its armed forces from Afghanistan. Moscow's failure to do so led the Cabinet and Parliament on April 22 to recommend support for the boycott. The matter had hung in the balance since then.

Increased criticism of German policy in the Soviet media is now expected, and the decision may affect general bilateral relations.

Chancellor Schmidt has been invited to visit Moscow in the early summer for talks with the Soviet leader, Mr. Leonid Brezhnev. He has made it clear, however, that he wants first to discuss the visit with other national leaders when they meet in Venice on June 22 and 23.

This would leave less than a month before the Games open on July 19. It is felt likely in Bonn that Mr. Brezhnev will hardly wish to receive so close to the opening ceremony the leader of a country whose athletes are boycotting the Games.

A chance for early German-Soviet talks not only on Afghanistan but on Iran, where Bonn feels Moscow could play a key role in obtaining the release of the U.S. hostages, now seems unlikely.

It is also recognised that sporting contacts with other Eastern European countries, particularly East Germany, are likely to suffer. This is believed to have been stressed during Wednesday's talks between Willi Daume, President of the West German national Olympic Committee, and Manfred Ewald, a leading East German sports official.

Rupert Cornwell adds from Rome: Herr Schmidt, was due to hold talks with Italian Ministers in Rome today. These were expected to concentrate on ways of improving East-West relations and on the search for agreement on Britain's EEC budget controversy.

U.S. rail rivals propose merger

By Ian Hargreaves in New York

SANTA FE Industries and Southern Pacific yesterday proposed terms for a friendly $1bn (£435m) merger which would create one of the largest railway systems in the U.S.

The two long-time rail antagonists have extensive non-rail interests. Santa Fe has substantial oil and natural resources operations. Southern Pacific has interests in communications and insurance.

Both are strongest in the Western states and have been in fierce competition for almost a century. Their combined railways would create a powerful unit in the West and Midwest, between Chicago and St. Louis and the West coast.

The merger, like all combination proposals in the closely-regulated U.S. rail industry, will probably be drawn out.

It will have to be approved by the Interstate Commerce Commission. This has been much more positive towards mergers under its liberalised leadership last year, but it will be under considerable pressure to prevent the creation of monopoly transport rights in large areas of the West.

"At this stage of the process, the chances of a merger of this kind can never be better than 50-50," said Mr. Robert Long, a railway analyst for First Boston Corporation.

The new company would be called Santa Fe Pacific Industries, with a board of 12 Santa Fe-appointed directors and eight Southern Pacific nominees. Its headquarters would be in Chicago, where Santa Fe is based.

Target date for completion of a definite merger agreement is August 31. The terms of the deal call for each Southern Pacific common stock share to be exchanged for 0.55 of a Santa Fe common stock share, plus an issue of new convertible preference stock. At today's prices, the deal would be worth more than $1.1bn in cash terms.

One encouraging factor is that the largest rail competitors in the Western states are embroiled in merger negotiations with the Interstate Commerce Commission. They are thought unlikely to raise objections to a rival combination.

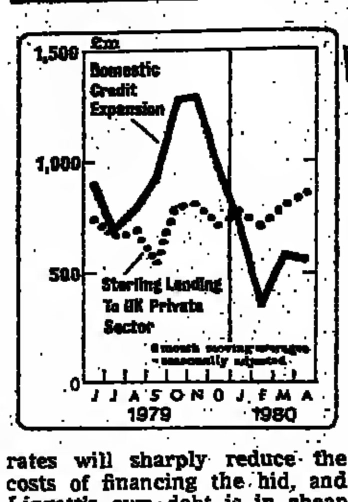
A merger between Burlington Northern and St. Louis-San Francisco is being challenged by a minor railway company, but is expected ot be approved.

Santa Fe had sales of $2.5bn and net income of $228m last year. Southern had sales of $2.6bn and net income of $180m.

THE LEX COLUMN

A record surge in bank lending

Index fell 2.2 to 437.8



The most spectacular feature of the April money supply figures is the contrast between the mere 0.3 per cent rise in sterling M3, seasonally adjusted, and the highest adjusted bank lending figure ever—£1.55bn, or £1.78bn including sterling lending to the overseas sector. The true monetary picture must be somewhere between these xtremes. Sterling M3 continues to be depressed relative to domestic credit expansion, by external and foreign currency items (£300m last month) and by another £200m increase in banks' non-deposit liabilities. Equally, the very high bank lending is to some extent the counterpart of the public sector's freak surplus during the month, itself the result of the forward sales of BNOC crude oil.

In the middle of this manic-depressive spectrum, the domestic credit aggregate perhaps gives a glimpse of the real world. It is expanding at about £600m a month—well down on the levels of last autumn, but still a good 1 per cent of the money stock, three times the recent rate of sterling M3 growth.

The public sector is now returning to deficit and bank lending should ease in line. But the figures hardly suggest that underlying credit demand is slowing, and if domestic credit growth is to be held at the levels of the last few months, let alone reduced, heavy sales of public sector debt will have to continue.

Grand Met/Liggett

On the face of it, it is slightly surprising that Grand Metropolitan, having originally wanted to buy Liggett's Austin Nichols drinks business, should be so keen to buy the rest of Liggett now that Austin Nichols has been sold to Pernod Ricard. Sour grapes or not, Grand Met now maintains that Liggett's other distributors will provide an adequate vehicle for its ambitions in the U.S. drinks market.

The new bid—$570m cash, offset by some $130m of liquid funds in Liggett's balance sheet following the Austin Nichols sale—will do unpleasant things to Grand Met's ratios, bringing a further £100m of goodwill into its balance sheet and reducing tangible net worth to around £630m. Stripping out goodwill is perhaps unduly harsh on Grand Met, and besides, the group is planning a substantial property revaluation: at any rate its bankers seem quite happy.

The fall in dollar interest rates will sharply reduce the costs of financing the bid, and Liggett's own debt is in cheap debentures. In addition, Liggett provides every opportunity for further de-gearing, even if only the tobacco businesses are sold. In the meantime, it is operating with a modest cash flow surplus.

Trafalgar House

By cutting its shipping losses by nearly £5m in the first six months — though the division still stayed £1.6m in the red — Trafalgar House has managed to push group pre-tax profits up from £16.3m to £19.3m. The property division, which relies on a lumpy stream of disposal profits, had a quiet period, but the £3.1m drop in profits to £5.9m does not seem to be representative of the underlying trend. Activity is high, and the second half should be boosted by part of the proceeds from the sale of the Chiswell Street development which should go through very soon. Construction, too, has a solid order book, especially in the UK, but in the first half its contribution eased from £11.1m to £10.7m. The division would have been ahead, however, had it not been for the aftermath of the engineering strike.

The shipping improvement reflects a recovery on the cargo side and a pickup by the QE2, but the strength of sterling has brought continuing problems for the refrigerated fruit carriers which are out on unfavourable dollar denominated charter agreements. There is progress in publishing, however, and the strength of newspaper advertising is more than making up for a relatively sluggish phase at Morgan-Grampian.

Given a second half property boost, pre-tax profits could move towards £50m for the full year and on the modestly higher forecast dividend the prospective yield at 70½p is 10.5 per cent.

European Ferries

After the decline at the half way stage, European Ferries has staged a strong recovery in the second six months to end the year with pre-tax profits 4 per cent ahead at £27m. However tight conditions on the shipping side have meant that even adding back £1½m of bad debt provisions and the £800,000 direct losses due to the difficulties in introducing computerised operations, the division was barely ahead. Harbour earnings were unchanged and the stagnation was avoided only because of the contribution of the property side, which has soared more than 50 per cent to £8.1m.

With the Holborn property development due to be sold in the next six months, property profits in the current year are likely to be in the region of £15m. Meanwhile, in spite of the discounting in ferries, higher passenger and freight volumes should allow shipping profits to rise from £18½m to £20m, to produce an overall pre-tax figure of about £37m. This prospect no doubt supported the 8p rise in the share price yesterday to 135p, helped by the 45 per cent rise in the dividend. The shares now yield a shade below 5 per cent and the prospective p/e is about 4 fully-taxed, although the group will pay no mainstream corporation tax for at least two years.

Imperial/HoJo

Imperial Group is, after all, going to press ahead with its bid for Howard Johnson—but yesterday's brief statement is not going to end the uncertainty and concern which this deal has created. A bid of $28 a share looked expensive when it was first announced eight months ago—and developments in the U.S. economy since then have done nothing to change that view. Then in March, Imps said that there were still questions to be answered about regulatory approvals and about "certain other aspects of the business."

Unfortunately, the reasons for this hesitation have still to be specified. The most telling comment yesterday came in the stock market, where HoJo shares bounded with relief and Imps' slipped 2p to 76½p.

Midland aims at working classes

By Michael Lafferty, Banking Correspondent

MIDLAND BANK will become the first of the big clearing banks to seek the business of Britain's large unbanked market. It is to direct a major advertising campaign at working-class people.

In the next year it is likely to spend several million pounds in TV and popular Press promotion of banking services. The campaign starts today with a series of TV commercials throughout England and Wales.

Midland is aiming its campaign at specifically manual workers in the C2 socio-economic category, only about 30 per cent of whom have bank current-accounts.

In recent months, increasing attention has focussed on Britain's unusually large unbanked market, where only about 55 per cent of adults are estimated to have bank current-accounts.

Barclays Bank, largest of the clearers, has led in public statements about the issue, and is expected to announce its own plans to attract working-class people to bank services over the coming year.

Mr. Frank Pearce, Midland's marketing manager, said yesterday that the campaign represented a major development in selling clearing-bank services to working people. The campaign was designed to create the feeling in peoples' minds that the Midland was a welcoming bank, anxious to meet their needs, he said.

The TV cartoon-type commercials include four separate films aimed at different market segments: a film featuring a young man on a motor-cycle is designed to attract young men working in factories; one featuring household disasters is aimed at new home-makers; a third, featuring a car, children and mothers-in-law is meant to appeal to families; the fourth is aimed at young girls working in factories and shops.

The cost of the first advertising series, scheduled to run six weeks, is put at £800,000. Midland said there would be at least one repeat.

As part of its overall plan for the UK retail-banking market, Midland is involved in a major reorganisation of its branch system.

Sadat rejects talks on autonomy for Palestinians

BY ROGER MATTHEWS IN CAIRO

PRESIDENT ANWAR SADAT of Egypt last night reversed his decision to resume negotiations with Israel on Palestinian autonomy.

Mr. Sadat had said in a major speech on Wednesday that in response to a personal request from President Jimmy Carter of the U.S. that he would resume the talks. Six days earlier he had suspended them because of lack of progress.

The latest reversal in Egypt's position came essentially because of the law passed by the Israeli Knesset reaffirming that Jerusalem, including the occupied Arab eastern sector, would remain united under Israeli sovereignty for ever.

The timing of the Knesset vote appears particularly to have angered Mr. Sadat as it came just as he was launching into his four-hour speech on Wednesday. The new law means that one more obstacle is placed in the way of any attempt to change the status of East Jerusalem, which was annexed by Israel after the June War of 1967.

Dr. Boutros Ghali, the Egyptian Deputy Foreign Minister, said last night that the Israeli attitude showed that the will for peace did not exist in Israel. Egypt was not setting preconditions, and was "ready to negotiate, but not in this atmosphere," said Dr. Ghali. He stressed that President Sadat had not known of the new Israeli law on Jerusalem when he made his Wednesday speech.

The Camp David accords, under which Egypt and Israel are supposed to be negotiating, were based on United Nations Resolution 242. This provided for Israel's withdrawal from occupied Arab territory, including Arab East Jerusalem, said Dr. Ghali.

Although agreeing that another crisis had been reached in the autonomy negotiations, Dr. Ghali was careful to leave the door open for conciliation by the United States.

The target date for agreement on Palestinian autonomy was set nearly a year ago for May 26. President Sadat admitted earlier this week that it would now be impossible to meet that date. He has warned in the past that a "new situation" would arise if this deadline was not adhered to.

Chapple bid for steel managers

BY CHRISTIAN TYLER, LABOUR EDITOR

TRADE UNION rivalries within the British Steel Corporation could be exacerbated by a proposed merger announced yesterday.

Mr. Frank Chapple's Electricians' Union has made an unexpected bid for the Steel Industry Management Association. Agreed merger terms are to be put to a ballot of the association's 12,000 members in about six weeks.

The association had been courted for years by the main steel union, the Iron and Steel Trades Confederation, which has about 26,000 white-collar members.

Mr. Bill Sirs, general secretary, warned last night that the merger would lead to further fragmentation in the industry, which would "do it no good at all."

The merger would give the steel managers the TUC affiliation they have long sought. It would also give them a voice in the talks aimed at challenging British Steel's contraction plans.

The association would get the status it needs to try again for a seat on the British Steel board, alongside the TUC unions. British Steel seems anxious to defuse the revolt among its managers and would almost certainly be sympathetic.

But the merger terms will surprise most members. One said that the association would have to work hard to get the vote it wanted.

Last year Mr. Chapple's white-collar section EESA reunited the Association of Managerial Electrical Executives in the power supply industry, and the UK Association of Professional Engineers. EESA's claimed membership is more than 40,000.

The plan would make the association a steel industry arm of EESA. Mr. Bob Muir, the association's general secretary, would become a national secretary, and would take the EESA seat on the industry's important national craftsmen's co-ordinating committee.

Liggett shares rise $6 to $67.50

BY IAN RODGER

SHARES OF Liggett, the U.S. tobacco and drinks group, jumped $6 to $67.50 in heavy early trading in New York yesterday following Grand Metropolitan's announcement on Wednesday night of an increase in its take-over bid from $50 to $69 a share.

Liggett directors, who had vigorously opposed the British leisure company's original $415m bid, refused to comment publicly on the new $570m offer but reportedly told Grand Met they were pleased.

Standard Brands, the U.S. food group, which had made a $65-a-share agreed bid for Liggett shares early this week, announced soon after Grand Met's new offer, that it was withdrawing from the running. Mr. Ross Johnson, chairman of Standard, congratulated Grand Met "on the apparent purchase of a fine American enterprise."

Mr. Stanley Grinstead, deputy chairman of Grand Met, flew to New York yesterday. He said on Wednesday night that he hoped the Liggett Board would recommend the new bid and that Grand Met could proceed.

"I have spoken to Liggett and they said they were pleased to hear of our new bid but they could not comment until their Board met," Mr. Grinstead said.

The offer will expire on Thursday, May 29, unless extended. Grand Met shareholders will be invited at an extraordinary general meeting on May 23 to approve the terms.

Mr. Grinstead said the company had arranged to borrow $400m to finance part of its bid, although in its original offer circular Grand Met said it had lined up $350m in bank loans. Since the original bid, the U.S. Federal Reserve Board has asked the Bank of England to discourage British banks from lending money to finance take-overs of U.S. companies.

The remainder of the cost of the bid will be financed from the company's own funds. If the offer succeeds, the company will also acquire the $97.5m paid to Liggett last week by Pernod Ricard, the French group which bought Austin Nichols, the Liggett drinks subsidiary.

Continued from Page 1

Muskie

Secretary and M. Jean Francois-Poncet, the French Foreign Minister, are here representing the other two signatories to the treaty, and both are also expected to have meetings with Mr. Gromyko.

Some co-ordination of approach to the contacts with Mr. Gromyko is expected from a breakfast meeting this morning between Lord Carrington, M. Francois-Poncet and Mr. Muskie.

But the discussion will almost certainly include the EEC's reluctance to mount a full trade sanctions policy against Iran this weekend. Herr Hans-Dietrich Genscher, the West German Foreign Minister, will also be present at breakfast to hear Mr. Muskie argue for a resolute stand by the Community's Foreign Ministers when they take a final decision on the sanctions issue in Naples this weekend.

Bartlett confirms appeal

BY RAY MAUGHAN

MR. ALAN BARTLETT has written to shareholders in Newman Industries confirming his intention to appeal against the High Court judgments which led to his dismissal as chairman in February.

The action was brought on behalf of Newman shareholders by Prudential Assurance, which alleged that Mr. Bartlett had made a financial gain by selling Thomas Poole and Gladstone China, of which he was chairman, to Newman. The High Court ruled that Mr. Bartlett had used "trickery and deception" to push through the purchase.

The engineering, electric motors and ceramics group announced yesterday that profits fell last year from £6.22m to £378,000, before heavy closure costs, expenses of £146,000 incurred in the legal action and significant provisions against the value of overseas investments, totalling £1.82m.

Mr. Bartlett was not able to comment on these results, "except that they must be viewed against a background of a very difficult economic climate and the legal action initiated by the Prudential which was in court from mid-June to mid-December of that year and required substantial administrative support.

"I know that I have done nothing wrong," the letter adds, "and that everything that I have done has been in the best interests of the company. I am confident that despite the non-existence of funds against an adversary of unlimited wealth, the appeal will be successful."

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MLR

a very high demand for borrowing from manufacturing industry, and also still some considerable demand from the private sector. While that demand remains as high as it is, the interest rate cannot come down."

The high lending figure in April was partly due to special factors. Domestic credit expansion was a more moderate £671m, down from £709m in March and below the average for the second half of last year.

Bank lending in April was inflated by heavy borrowing by companies to finance value-added tax bills and other payments to the Government.

These payments helped give the Government a large cash surplus last month.

Weather

UK TODAY

DRY and sunny, warm.

London, Channel Isles, S.E. and N. England, Midlands, Borders, Edinburgh, Dundee, Moray, N.E. Scotland

Dry, sunny. Max. 19C (66F), 12C (54F) on coasts.

S.W. England, Wales, N.W. England, I. of Man, rest of Scotland, N. Ireland

Dry, sunny. Max. 20C-22C (68F-72F).

Orkney, Shetland

Dry, mainly sunny. Max. 12C (54F).

Outlook: Little change.

Long-range forecast to mid-June: Dry at first, rain before end of May, thunderstorms in S. Very warm in June.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	16	61	Lisbon	S	21	70
Algiers	C	18	64	London	S	14	63
Amsdm.	S	17	63	Luxmbg.	S	14	57
Athens	C	18	64	Luxor	F	35	95
Bahrain	S	30	86	Madrid	F	19	66
Barclna.	S	19	66	Majorca	F	20	68
Beirut	S	21	70	Malaga	S	20	68
Belfast	S	19	66	Malta	F	20	68
Belgrd.	F	7	45	M'chstr.	S	20	68
Berlin	F	13	55	Melbne.	C	18	66
Biarritz	C	13	55	Milan	R	13	55
Bmghm.	S	19	66	Mntreal.	C	10	50
Blackpl.	S	21	70	Moscow	R	5	41
Bordx.	C	18	64	Munich	F	13	55
Boulgn.	S	17	63	Nairobi	S	23	73
Bristol	S	20	68	Naples	R	17	63
Brussels	S	17	63	Nwcstl	S	15	59
Budpst.	C	14	57	N York	S	17	63
B. Aires	R	19	66	Nice	R	15	59
Cairo	S	26	79	Nicosia	S	22	72
Cardiff	S	19	66	Oporto	S	19	66
Cas'b'ca	S	20	68	Oslo	S	23	73
Cape T.	S	16	61	Paris	S	18	64
Chicago	C	9	48	Perth	C	21	70
Cologne	F	17	63	Prague	F	10	50
Cpnhgn.	F	11	52	Reykjvk.	R	8	46
Dublin	S	16	61	Rhodes	F	21	70
Dbrvnk.	R	13	55	Rio J'o	S	24	75
Ednbgh.	S	15	59	Rome	R	14	57
Faro	S	20	68	Salzbrg.	F	13	55
Florence	C	14	57	Singapr.	S	28	82
Frankft.	S	14	57	Stckhm.	C	14	57
Funchal	C	19	66	Strasbg.	S	14	57
Geneva	C	12	54	Sydney	R	17	63
Gibrltr.	S	22	72	Tangier	S	21	70
Glasgow	S	21	70	Tehran	S	27	81
G'rnsey	S	15	59	Tel Aviv	S	22	72
Helsinki	C	16	61	Tenerife	C	15	58
H. Kong	S	28	82	Tokyo	R	23	73
Innsbrk.	F	15	59	Toronto	S	10	50
Invrnss.	F	17	63	Tunis	C	20	68
I.o.Man	S	15	59	Valencia	F	22	72
Istanbul	C	19	66	Venice	[illegible]	15	59
Jersey	S	18	64	Vienna	F	12	54
Jo'burg	S	21	70	Warsaw	C	10	50
L. Plms.	C	20	68	Zurich	F	13	55

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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هكذا من الأصل